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PARTY IMAGE AT HOME AND ABROAD

**The anticorruption campaigns of 1982 and 1993
in the People's Republic of China**

This sub-thesis is submitted in partial fulfilment
of the requirements for the degree of Master of Arts (Asian Studies)
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STATEMENT

This statement asserts that the sub-thesis is the author's own work and all sources have been acknowledged.

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CHAPTER ONE - INTRODUCTION

Hong Yonglin, Head of the city level Public Security Department and member of the city Party Committee, pointed menacingly at his deputy, "Do you want to work here or not?!" he demanded, as he thrust the automobile registration papers into the Deputy's hand. The next day, the completed papers, which legally registered the latest in a series of cars smuggled into the People's Republic of China with the willing cooperation of this city level PSB Head, were placed on Hong's desk. Hong smiled and slapped his deputy on the shoulder, "Well done, ...now your wife will be able to go into the hospital for that operation you mentioned the other day..."

This story will reappear in Chapter Four of this study, but for now it illustrates the powerful combination of good contacts, outright criminal acts, and emotional blackmail that are the bones of many corrupt acts in the PRC in recent times. Corruption in the PRC has not always been at this level of influence; large scale smuggling of automobiles is a relatively recent addition to the repertoire of possible corrupt acts. In days past the powerful connections of officials were sold for, at most, several well watered dinner parties with food to match and a fortuitous housing allocation. If wining and dining are the indulgences of the poor then smuggling cars and stashing the proceeds away in foreign bank accounts are the fruits available to the well connected and powerful in an economically stronger PRC.

Studies on corruption in the PRC can be placed in one or more of the broad groups defined here:

- ♦ studies that ask "what is the cause of the problem?"¹

¹ A. Chan and J. Unger, "Grey and Black: The Hidden Economy of Rural China" *Pacific Affairs* 55, 3, Fall 1982, pp.452-471, P. Harris, "Socialist Graft: The Soviet Union and the People's Republic of China - A Preliminary Survey," *Corruption and Reform*, 1: 13-32, 1986. L. Holmes, *The End of Communist Power*, Melbourne University Press, 1993, S.K. Ma, "Reform Corruption: A Discussion on China's Current Development," *Pacific Affairs*, 62, 1, Spring 1989, pp.40-52, Connie Meaney, "Market Reform and Disintegrative Corruption in Urban China" in *Reform and Reaction in Post-Mao China* ed. R. Baum, Routledge, 1991, pp.124-142, J. Oi, "Partial Market Reform and Corruption in Rural China," *Reform and Reaction in Post-Mao China*, ed., R. Baum, Routledge, 1991, Clemens Stubbe Ostergaard, "Explaining China's Recent Political Corruption", *Corruption and Reform* 1: 209-233,

- ♦ studies that focus on a particular aspect of corruption, such as its political nature,²
- ♦ studies that examine the strategies for dealing with it (see below),

or general media reports on how bad the problem is. "Strategy" studies have, in turn, tended to begin from the premise that PRC authorities have been trying to control corruption, bribery, and other economic crimes. Frequently cited methods include education at the small group level³ and through cases publicised in the media,⁴ reinstitution of the Party's Discipline Inspection Commissions,⁵ and closing administrative loopholes.⁶ Another popular management strategy is supposedly reform on the legal front⁷.

1986, Ostergaard and Petersen, "Official Profiteering and the Tiananmen Square Demonstrations in China", *Corruption and Reform* 6: 87-107, 1991, W. Zafanulli, "A Brief Outline of China's Second Economy" *Asian Survey* 25, 7, July 1985, pp.715-736.

² Ting Gong, *The Politics of Corruption in Contemporary China*, Praeger, 1994, P. Lee, "Bureaucratic Corruption During the Deng Xiaoping Era", *Corruption and Reform* 5: 29-47, 1990, R. Levy, "Corruption, Economic Crime and Social Transformation Since the Reforms: The Debate in China" *Australian Journal of Chinese Affairs* 33, January 1995, pp.1-25, A. Liu, "The Politics of Corruption in the People's Republic of China," *American Political Science Review*, 77, 3, September 1983, pp.602-623, T. Lo, *Corruption and Politics in Hong Kong and China*, Open University Press, 1993, Clemens Stubbe Ostergaard, "Explaining China's Recent Political Corruption", *Corruption and Reform* 1: 209-233, 1986, Ostergaard and Petersen, "Official Profiteering and the Tiananmen Square Demonstrations in China", *Corruption and Reform* 6: 87-107, 1991 Tanner and Feder, "Family Politics, Elite Recruitment, and Succession in Post-Mao China", *Australian Journal of Chinese Affairs* 30, July 1993, pp.89-119, Yan Sun, "The Chinese Protests of 1989 - The Issue of Corruption" *Asian Survey* 31, 8, August 1991, pp.762-782.

³ Clemens Stubbe Ostergaard, "Explaining China's Recent Political Corruption", *Corruption and Reform* 1: 209-233, 1986.

⁴ Ting Gong, *The Politics of Corruption in Contemporary China*, Praeger, 1994, L. Holmes, *The End of Communist Power*, Melbourne University Press, 1993, T. Lo, *Corruption and Politics in Hong Kong and China*, Open University Press, 1993.

⁵ P. Lee, "Bureaucratic Corruption During the Deng Xiaoping Era", *Corruption and Reform* 5: 29-47, 1990, Ostergaard, "Explaining China's Recent Political Corruption", *Corruption and Reform* 1: 209-233, 1986, G. Young, "Control and Style: Discipline Inspection Commissions Since the 11th Congress," *The China Quarterly*, no.97, 1984, pp.24-52.

⁶ P. Lee, "Bureaucratic Corruption During the Deng Xiaoping Era", *Corruption and Reform* 5: 29-47, 1990, Clemens Stubbe Ostergaard, "Explaining China's Recent Political Corruption", *Corruption and Reform*, 1: 209-233 (1986).

This study begins from the premise that there were clearly defined anticorruption campaigns during the reform era; 1982, 1986, 1989, and 1993. (Earlier campaigns are the "Three and Five Antis from the 1950's and the "Socialist Education Campaign" from the early 1960's.) These campaigns are the most visible measure that has been taken to overcome corruption. They were not haphazard or piecemeal, and they were carefully managed to achieve certain goals. We are not presuming that the primary purpose of these anticorruption campaigns has been to control corruption; this is one of the issues open to examination in this study. Public statements about the issue acknowledge the severity of the problem and call on the country to join wholeheartedly in the "struggle against corruption and bribery", and the rhetoric of control was certainly part of the publicity of the campaigns. But the problem has not been brought under control.

Whilst we acknowledge that corruption is best understood as a "regular, repetitive, integral part of the operation of most political systems"⁸, and probably more so in developing countries,⁹ the Chinese experience in controlling corruption has been one of increasing failure. Why? Is the problem so huge that it is beyond Central control? Are there misconceptions about the causes and nature of the problem that have contributed to the failure of the campaigns? Are the campaigns primarily about promoting an *image* of a regime deeply concerned about the deleterious effects of corruption on society, rather than being designed to overcome the problem? If the campaigns are more about image than actual results, of what use are they? Why run an anticorruption campaign to deal with an image problem? What strategy was used,

⁷ Peter Nan-Shong Lee, "Bureaucratic Corruption During the Deng Xiaoping Era", *Corruption and Reform*, 5: 29-47, 1990. See also Helena Kolenda, "One Party, Two Systems: Corruption in the People's Republic of China and Attempts to Control It", *Journal of Chinese Law* (Columbia University School of Law, N.Y.) vol.4, no.2, Fall 1990, pp.187-232.

⁸ James C. Scott, *Comparative Political Corruption*, Prentice-Hall Inc., 1972, Preface.

⁹ On this point see Ledivina Carino, Editor, *Bureaucratic Corruption in Asia: Causes, Consequences and Controls*, Uni. of the Philippines, 1986, p.160; and Scott (1972).

and what does the strategy reveal about the purpose of such campaigns? Has the nature of corruption remained static, or has it developed over time?

To answer these broad questions we have chosen to do a comparative study between the 1982 and the 1993 anticorruption campaigns. They are eleven years apart and cover the early reform and the recent reform periods, so they will give a broad picture of where anticorruption campaigns *were* and where they *are* now. We avoid the 1989 campaign because of its clear entanglement with the post June 4 situation. All the anticorruption campaigns are items on a larger political agenda, but the 1989 campaign was so much influenced by the events of April to June 1989 that we have left it alone.

Our specific questions then are as follows:

- ♦ what were the targets of each campaign?
- ♦ were these targets achieved, and how?
- ♦ what do these targets reveal about the Party and State?
- ♦ what other considerations temper the goals of each campaign?
- ♦ what changed between 1982 and 1993 in terms of anticorruption campaigns?
- ♦ what do these changes reveal?

The 1982 campaign would be more properly named "The 1982 Party Work Style Campaign" as this is how it was referred to most frequently at the time. This campaign was an integral part of Deng Xiaoping's strategy for developing political stability and unity at the time and it was very much a "whole of life" management strategy: there was to be ideological and political work, propaganda through the mass media, education in schools, new laws and decrees, and strengthened leadership and organisation.¹⁰ This was a planned and controlled strategy with a multipronged approach.

¹⁰ "Implement the Policy of Readjustment, Ensure Stability and Unity," *Selected Works of Deng Xiaoping (1975-1982)*, Foreign Languages Press, Beijing, 1984, p.352.

The 1982 Party Work Style campaign consisted of new laws that were promulgated, Party policy statements, typical cases that were used by the media to educate officials and the masses, initiatives in art and culture, as well as general statements about the campaign in the media. Our premise requires all these elements to be considered as a whole when trying to determine the purpose of the campaign. The new laws that were promulgated cannot be considered in isolation as evidence of a serious intention to control the problem. They must be considered in conjunction with the media cases of the campaign because the laws, the media, and the initiatives in art/culture and education are a continuum; in a sense they are not discrete. They are meant to be taken as a whole. Likewise, the media cases cannot be considered in isolation, nor can the adjustments to Party structure such as the re-introduction of the Discipline Inspection Commissions. This study maintains that the most useful way to study corruption in the PRC is to examine the campaigns as they were presented to the public: that is, as complete and thorough attempts at social change. In this way we hope the purpose of the campaign will become clear.

Some sectors of Chinese society were more subject to change than others during the early reform era. Law reform, for example, received much of the attention, and this has possibly given rise to the studies that cite legal reform as a method of controlling corruption. To communicate this reform to the populace a huge variety of measures were employed: law departments at universities reopened, a media campaign was conducted to educate the public about socialist legality, legal exhibitions were set up in major urban centres, traditional operas on the legendary (upright) Judge Bao together with more contemporary plays were staged, and even a children's song did the rounds along with basic legal education in schools.¹¹ At the same time there was a proliferation in both quality and quantity of legal publications. Among them were *Faxue Yanjiu* (Studies in Law, published by the Chinese Academy of Social Science, Legal Research Institute), *Minzhu Yu Fazhi* (Democracy and Law, published by the China Law Society; many cases used in Chapter Four of this study were drawn from this source), *Faxue Zazhi* (Law Magazine, published by the Beijing Law Society), and *Faxue*, (Jurisprudence, published by the East China Political-Legal Institute).

¹¹ On these points see Shao-chuan Leng, with Hungdah Chiu, *Criminal Justice in Post-Mao China: Analysis and Documents*, State Uni. of N.Y., 1985, p.47-51.

Consequently, one of the pillars of the campaign management we will study is the introduction of new laws. The other is media publicity, as this had such a high profile. Space precludes us from including what occurred in art and culture, education in schools and colleges, and other general material. We have two main areas in which to look for campaign strategy: law and the media.

The law and the media are not discrete entities - both are manifestations of Party policy. The media is used to publicise laws; not just the content of any new regulations promulgated but also by using an actual case to illustrate a law.¹² It may also be used to fill out the details in a law, as one study suggests may have occurred during the 1982 campaign when the newly promulgated *Criminal Law* offered only vague guidelines on how much speculation/smuggling was too much: "The conscientious Chinese may have to rely on newspaper articles to obtain a clearer picture of how huge is too huge."¹³ Official statements from the 1993 campaign indicate this is still the case:

Procuratorates pay attention to using actual cases in explaining laws and analysing typical cases in spreading legal knowledge...they use the media to publicise state laws and party policies to enhance people's awareness of the legal system.¹⁴

The law and the media reportage reinforce each other. Specific cases are chosen for publication and released to the press with a primarily didactic purpose in mind. This strategy is a Maoist one¹⁵ and has been carried over by Deng into the reform era, but it is salient to note that by 1993 the strategy was still similar. The article cited at Note 11 above does not (nor does any other surveyed for this study) show this link

¹² *Beijing Review*, 20 July 1979, pp.3-4.

¹³ D. Townsend, "The Concept of Law in Post-Mao China: A Case Study of Economic Crime," *Stanford Journal of International Law*, Fall 1987, pp.240.

¹⁴ "Zuigao Renmin Jianchayuan Gongzuo Baogao", 15 March 1994, *Zhonghua Renmin Gongheguo Zuigao Renmin Jianchayuan Gongbao*, no.1 1994, p.8.

¹⁵ See Mao, "Combat Bureaucracy, Commandism and Violations of the Law and of Discipline", *Selected Works of Mao Zedong, Vol.5*, Foreign Languages Press, Beijing, 1977, p.85, and "Beat Back the Attacks of the Bourgeois Rightists", *ibid*, p.460.

between law and media in detail as it has other questions to answer.¹⁶ This is one of the purposes of this study: to show this link, these elements, and to discover what we can about anticorruption campaign strategy and what it reveals either intentionally or otherwise.

Townsend (see Note 13 above) laments that the didactic aspects of the campaign do not appear to be designed to reach the proper audience - high level officials. One of the declared target groups in both the 1982 and 1993 campaigns was high level officials, but the presumption here is that the strategy was intended to control corruption among high level officials, but we are making no such presumption. We will rather look at the campaign management and make deductions about intentions from there. Townsend is referring to the 1982 anticorruption and the 1983 anticrime campaigns and we will show that the early anticorruption campaign did leave more of a gap between stated aims and actual targets achieved. This changed dramatically, though, in the 1993 campaign as we will show. The trend throughout reform has been to align more closely the stated aims of a campaign with the chosen media targets.¹⁷

It is important to realise that during the 1982 campaign, and this holds true for the 1993 campaign as well, media cases are not intended to give all the exact details of a case, nor are they intended to focus on the punishment of the offender. Their primary purpose is to instruct Party members on Party style; to clarify the Party line and make it clear what is Party practice and what is not.¹⁸ As such, they are chosen because they are "typical cases" with "broad educational significance". They are not the worst nor the biggest of their kind, but rather are representative of categories of economic crime about which the authorities are trying to educate Party and State officials.

¹⁶ Ting Gong (1994) recognises the concurrent issuance of legislation and cases in the press but does not handle this thoroughly in a systematic way. The study also starts from the premise that campaigns were intended to control the problem, and yet describes the campaigns as "ad-hoc". See Chapter 9 of the work, esp. p.159.

¹⁷ On this point see Holmes (1993) p.142. Holmes shows that a major change in media targeting occurred between 1978 and 1986, such that in 1986 33.9% of reported instances of corruption occurred among high and middle ranking officials, as compared with 7.3% in 1978.

¹⁸ *Renmin Ribao*, 20 February 1983, p.4.

Which brings us to the subject of statistics in anticorruption work in the PRC. The only figures available on the extent of corruption in the PRC are government figures on the number of cases filed for investigation and the sums of money involved. Even though we must recognise that official statistics in China are open to doubt, on the subject of anticorruption we have no other choice but to work with them. On the presumption that the PRC authorities would not want to make a bad situation look even worse than it is, we assume that the figures cited for corruption are more likely to understate than to overstate the problem. The government has consistently claimed that only a small portion of Party cadres are involved in corrupt activities, but in the 1993 campaign it also admitted that the problem was rapidly getting worse.

Of the publicised cases chosen for this study, for both the 1982 and the 1993 campaigns the overwhelming majority were cases involving individuals who were Party members. Non-Party members may have been involved (especially in some of the cases of the 1993 campaign which are reported to have links to criminal gangs), but the main focus of the reportage was on the Party member who was an official. This does not mean that the majority of the corruption cases that occurred during these campaigns involved Party members, but rather that the authorities chose mainly cases involving Party members as typical cases to publicise. It is likely, though, that a very high proportion of those corrupted (including both publicised and non publicised cases) were Party members as nearly all officials worth buying *are*. Bribe givers are not so overwhelmingly likely to be Party members. This phenomenon reflects one of the major functions of corruption, that is, the purchase of power or influence.

The Supreme People's Procuratorate Report from December 1982¹⁹ looks back over a year's work during which a campaign to improve Party work style had been under way (January 1982 - December 1982), and states that procuratorates throughout the country dealt with 32,605 cases of serious economic crime, of which 7% involved sums over 10,000 yuan. Of these 32,605 cases, about 24,000 cases led to prosecutions. If the majority of the offenders *are* Party members, this means that at least 12,000 Party members were prosecuted for economic crimes during 1982. Out

¹⁹ *Renmin Ribao*, 17 December 1982, pp.2-3.

of a total Party membership of 39 million in November 1982,²⁰ the figures are absurdly low. Does this mean that the claim of the authorities about the small number of cadres involved in corruption is accurate? We have no way of telling, since we don't know if the cases listed in the procuratorates' reports are just the cases that were reported or whether they accurately reflect the extent of the problem. The number of prosecuted crimes does not purport to be the number of crimes committed. Our concern here is not with the actual extent of the problem but with what the PRC authorities *do* say with their figures, laws, and media reportage.

What is the message that was being put across? Is it that only a small number of cadres are involved, or can we discern a more widespread problem that reveals a system that virtually condones corruption for those Party officials in suitably powerful positions? Many studies have shown the continued, and in some areas, increased power of the Party official in reform China. Do the new laws and decrees simply legalise this grasp on power thereby creating a corrupt system as opposed to allowing a few corrupt individuals?

Perceived corruption among officials was a major contributing factor to the 1989 demonstrations. A poll conducted by Beijing Normal University indicates that 37% of various occupational groups agreed with the anticorruption slogans that were shown during the demonstrations.²¹ There was also the popular perception that corruption strongly contributed to inflation and that this system operated for the benefit of a small minority.²² Are these perceptions reflected in the campaign management

²⁰ *The Twelfth National Congress of the CPC (September 1982)*, Foreign Languages Press, Beijing, 1982, Deng Xiaoping's "Opening Speech," p.5. See also Hong Yung Lee, *From Revolutionary Cadres to Party Technocrats in Socialist China*, Uni. of California, 1991, p.291. Lee's work contains lots of interesting statistics, e.g, that about half of all personnel in the army are Party members and that probably nearly all the officers are, where as among the peasants who constitute 45% of the total Party membership, a mere 0.4% of the total peasant population are Party members.

²¹ Ostergaard and Petersen, "Official Profiteering and the Tiananmen Square Demonstrations in China", *Corruption and Reform*, 6: 1991, p.90.

²² See A. Walder and Gong Xiaoxia, "Workers in the Tiananmen Protests: The Politics of the Beijing Workers' Autonomous Federation," *Australian Journal of Chinese Affairs*, 29, January 1993, p.21.

strategy? That is, do they have any validity as far as the PRC authorities are concerned? Are these concerns ignored? Are they corrected by contrary material?

One of the features of the 1993 anticorruption campaign, and indeed of the post June 1989 period in general, was the establishment of provincial level anticorruption bureaux under the jurisdiction of the procuratorate. As we do not know a great deal about these bureaux we will deal with them here rather than in the main body of the study. The first of these bureaux appears to have been established in Guangdong Province in August 1989. It is divided into the four units of reporting, inspection, prevention, and information.²³ It was mainly the crime reporting centres that involved the general populace during the 1993 campaign. Letters, visits, and telephone calls were the main methods of gathering information from people. Some reports cite that 80% of cases investigated by the procuratorates originated in one of these reporting centres,²⁴ so the official line is that they have been very successful. But they have not been without their problems.²⁵ It is useful to note here the new institutionalised method of registering complaints compared to that which existed under Mao, which only allowed for complaints against officials to be made at Party offices.

In comparison to the Hong Kong Independent Commission Against Corruption (ICAC) which operates under three strategies of "Operations", "Prevention", and "Community Relations", the PRC system does not have a clear cut equivalent to Hong Kong's "Community Relations" division. The function of the information section may approach this role, but very little is known about it. The role of the Hong Kong ICAC's "Community Relations" division is to make people aware of their rights and to change attitudes from "money at the expense of everything else" to "money within legal limits".²⁶ This role in the PRC has been taken on by the Party and the State. Are they inculcating the same message as the Hong Kong ICAC? If not, what

²³ Zhang Zhiyou et al, "Jian Lun Tanwu Huilu Fanzui", *Faxue Yanjiu*, 2, 1990, p.28.

²⁴ *China Daily*, 20 January 1994, p.3, in FBIS, CDR, 24 January 1994, p.31.

²⁵ See Kolenda (1990) pp.226-227 for a discussion on the abuse of this system by the authorities, especially after June 1989. It seems they were also used as another way to control the masses instead of controlling corrupt officials.

²⁶ See D. Clark, "A Community Relations Approach to Corruption: the Case of Hong Kong," *Corruption and Reform* 2: 235-257, 1987.

message is being given? What is the overall message once the legislation, media publicity and other minor factors are taken into account?

Public exhibitions of anticorruption work became a feature of the post-1989 period²⁷ but they form a relatively small part of the strategy in campaign management. They appear to be another form of media publicity and as such the material presented is similar to that found in newspapers. We will not cover these exhibitions other than to take their role into account in the sum total of the campaign management.

Chapter Two will cover the 1982 campaign as a whole because the volume of material available does not warrant the separation of legislative changes and media publicity. Chapter Three covers legislation between the 1982 and 1993 campaigns and that of the 1993 campaign proper. Chapter Four is quite lengthy as it deals with the media publicity on the 1993 campaign and much more material is available for this period than earlier periods. Chapter Five will highlight the changes between the periods in question, draw out additional political agendas, and attempt a conclusion.

²⁷

As an example see *Beijing Review* January 1-7 1996, p.24.

CHAPTER TWO - THE 1982 CAMPAIGN

Altering a few figures on a grain coupon receipt may seem like a minor matter, but when the perpetrator is a State employee whose job is to accurately distribute the State's supply (which is the only supply) of grain among peasants, workers, and officials, the significance of the position becomes more apparent. When sufficient receipts are altered to create the impression that more grain has gone out than actually has, then the keeper of the receipt book is left with a stockpile of grain that has no owner. Opportunity knocks and he sells it to the highest bidder he can find. After a while he has enough money in the kitty to bribe a housing allocation out of his work unit that would not normally have come his way. Alternatively, he can simply adjust the weight figures on the grain coupon receipts that are allocated to his work unit's Housing Office Manager to indicate the recipient received his correct allocation, but in fact he received more. In return, the keeper of the receipt book finds his name at the top of the housing allocation list.

This story contains several elements common to the 1982 campaign that subsequently disappeared by 1993. The housing allocation system was frequently manipulated in the early 1980's due to the severe shortage of housing. By 1993 more housing had been built, so as a fruit of corrupt activity it faded from the scene to be replaced by more lucrative returns such as the organised smuggling of automobiles. The story also reflects the changing nature of the grain economy in that in the early 1980's the grain supply was in the very early stages of liberalisation; farmers sold a quota to the state with any excess being disposed of on the open market. In 1982 grain supply officials had considerable authority and power, but this diminished throughout the 1980's, which no doubt contributed to their demise as attractive targets for bribery.

This scenario described above does not exactly fit any one single reported case of corruption from the 1982 campaign, but rather is meant to draw together a number of threads that run through the campaign's public profile. The abuse of the housing

allocation system was a frequent corrupt activity, as was the abuse by State employees of the power of their positions. These positions were frequently in one of three sectors: firstly, financial sectors, especially those that had access to foreign exchange such as import/export companies; secondly, sectors in which the State had a monopoly over essential supplies such as grain or coal; and thirdly, factories of all types whose Party Committee Secretary illegally diverted the factory product in return for highly sought-after consumer goods like television sets and wrist watches.

The aim of this chapter is to deal with the 1982 anticorruption campaign as a whole. The amount of material available does not warrant the separation of the legislative and the media profile aspects of the campaign, as does the 1993 anticorruption campaign. There are five main questions to bear in mind when investigating this campaign:

- ♦ what is the nature and tone of the campaign in its political environment? How is it handled and managed from a political perspective?
- ♦ are there special targets or is the campaign aimed at all forms of corruption?
- ♦ what are the opportunities for corrupt activity that are revealed by legislation enacted during the campaign and by the publicised cases?
- ♦ what are the problems associated with managing this anticorruption campaign?
- ♦ what does the campaign management strategy reveal about the Party and the State?

In short, what is the main message of the campaign? To answer this question we will briefly cover the political environment of the time before looking more closely at legislative changes and publicised cases.

Political Landscape of the Early 1980's.

The political landscape of this period was dominated by two tasks: the need to re-establish the Party's image in the wake of the Cultural Revolution; and the need to switch priorities from Maoist to Dengist economic goals. There was widespread disillusionment with socialism in general, and the Chinese Communist Party in particular. The open admission of serious mistakes by Mao in the form of the CCP Central Committee's *Resolution on CPC History (1949-1981)*¹ further confirmed public

disenchantment. The growing realisation of China's low living standards after twenty-five or so years of glorious socialism was another bitter pill to swallow. Economic modernisation was under way to remedy this, but there was an obvious need for the Party to regain the moral high ground. All over the political and administrative landscape there were moves to distance the Party and administration from Cultural Revolution excesses. It was a time of readjustment.

One of the most important readjustments was the stipulation that the mass style campaigns of the past were not going to be a feature of China's reform era. In commenting on the need for political stability and unity, Deng Xiaoping said:

We should not mount a political movement to accomplish this, as we have done in the past. We should abide by the principles of socialist legality. To this end, I suggest that in addition to the relevant inner-Party instructions, the Standing Committee of the National People's Congress and the State Council should formulate and promulgate appropriate regulations and decrees. If accompanied by Party-wide ideological and political work, propaganda through the mass media and education in the schools, these regulations and decrees can form a common code of conduct for the whole Party...this is a political struggle, but it must be carried out within the framework of the law.²

The *China Daily* said at the time that the current anticorruption drive was being implemented through the judicial process, not the "mass campaign" style of the past.³ This allusion to the Cultural Revolution indicates the desire of the Party to distance itself

¹ Foreign Languages Press, Beijing, 1981.

² Deng Xiaoping, "Implement the Policy of Readjustment, Ensure Stability and Unity" December 25 1980, in *Selected Works of Deng Xiaoping (1975-1982)*, Beijing, 1984, p.352.

³ *China Daily*, in English, 27 February 1982, p.4, in FBIS, CDR, 1 March 1982, K6-7.

from the mass, political campaign style of achieving political, social and economic goals. Henceforth, it would use the judiciary to formally carry out the process.

Although the anticorruption campaign began formally in January 1982, there was a lead up time of six months or so during which there was an increasing number of public statements, enacted legislation, and publicised cases which approached the problem of corruption but had not yet stated it as deserving high priority. The anticorruption reportage of this period was characterised by references to the *Guiding Principles for Inner-Party Political Life* that were promulgated in early 1980⁴, and injunctions against "unhealthy tendencies" which referred to excessive wining and dining and using the "back door" to get things done. The *Principles* cover broad injunctions to adhere to the Party's line, promote collective leadership together with safeguarding the Party's unitary and centralised leadership, and prohibitions against privilege seeking. Many of the principles are designed to avoid the problems that the leadership perceived as most serious during the Cultural Revolution, such as arbitrary leadership by a single individual. One study suggests that injunctions against the "cult of personality", which is obviously directed at Mao, also refers to the more general problem of cadres severing their subordination to the Party organisation.⁵ Political loyalty was clearly on the agenda.

The Launch of the 1982 Campaign.

The 1982 anticorruption campaign was formally launched during a three day Central Discipline Inspection Commission (CDIC) work meeting held from 4-7 January 1982. Building on the previous six months statements, the intention from the outset was to improve the Party's work style in a clear attempt to regain integrity. It is in this context that the anticorruption campaign must be placed. It was very much a campaign to deal with internal Party work style problems and the choice of publicised cases reflects this agenda. It will be shown below that common problems included the fiddling of account

⁴ For a full text of this document see *Beijing Review*, 14, April 7 1980, pp.11-19. For a Chinese language text see *Hongqi* no.6, 1980, 2-11.

⁵ Graham Young, "Control and Style: Discipline Inspection Commissions Since the 11th Congress", *The China Quarterly*, 97, 1984, pp.24-52.

books and the illegal redirection of a commodity in exchange for other products such as housing.

There were three main aims of the campaign:⁶

- ♦ to correct unhealthy tendencies in the thought domain by persisting in the four cardinal principles, sticking to the Party's line, guiding principles, and policy, and by opposing bourgeois liberalisation.
- ♦ to overcome the unhealthy tendencies that predominate in the economic domain
- ♦ to oppose bureaucratism and stress service to the people.

It is clear that much of the anticorruption work was overshadowed by the aftermath of the Cultural Revolution. Political rhetoric that characterised the Party's early attempts to come to terms with the Cultural Revolution was widespread and this does impinge upon anticorruption material from the period. There is, however, also a clear and strong trend in the direction of establishing economic crime as a dominant problem in its own right and we will tend to focus on this aspect.

The emphasis was on leading cadres who abused their power to receive bribes. Of these people it is said:

They forget the four cardinal principles, their bourgeois liberal eyes are not turned towards the Party, they forget communism, and forget that the purpose of the Party is to serve the people. They put themselves first, thinking of money, houses, and their families, they pull *guanxi* and use the back door.⁷

This is not just an economic crime problem being revealed here; it is a spiritual and political crisis. The explanation given at the time for these problems was that *biaoxian*⁸ (behaviour) had deteriorated, and the solution was seen to be criticism and self criticism of high level cadres.

⁶ See *Renmin Ribao* 8 January 1982, p.4.

⁷ *Renmin Ribao* 8 January 1982, p.1

⁸ *Biaoxian* refers to a person's expressed political loyalty to the Party.

At the beginning of the campaign it was also announced that most Party officials are good and upright, with only a small number straying from the Party's correct political line.⁹ This claim is another vignette from the Mao period that found its way into reform era campaigns. It is not a statement based on a realistic assessment of the situation, but rather is a signal that the Party is in "campaign mode". Maoist campaign strategy allowed for the real enemy to constitute no more than 5%, with perhaps 10-15% borderline cases.¹⁰ Although the campaign was being implemented "according to law", the strategy borrowed heavily from the Mao period. Another significant point is that many of these Maoist campaign strategies did not disappear between the 1982 and 1993 campaigns. During the latter campaign similar statements were made about the small number of corrupt cadres, together with contradictory statements that acknowledged an increase in the number of officials charged with corruption offences. It is a feeble attempt at reassurance, of course, but it indicates the extent to which the regime is stuck in a rut, repeating old campaign slogans that openly contradict the acknowledged facts.

Several examples were given of the problems facing the Party at the time: firstly, the corrupt Head of the Henan Province Mining Office; secondly, a housing construction problem at county level in Hebei province; and thirdly, an eating and drinking frenzy in Beijing City. We shall see below when discussing publicised cases that these three examples are representative of the main problem areas.

⁹ *Renmin Ribao*, 8 Jan. 1982, p.1.

¹⁰ See the following references from *Selected Works of Mao Zedong, Vol.5*: "Strike Surely, Accurately and Relentlessly in Suppressing Counter-revolutionaries" p.55; "On the Struggle Against the "Three Evils" and the "Five Evils" ", p.66; "Combat Bourgeois Ideas in the Party", p.107; "On the Ten Major Relationships - No.8 The Relationship Between Revolution and Counter-revolution", p.299; "Speech at the Chinese Communist Party's National Conference on Propaganda Work", p.423; "Beat Back the Attacks of the Bourgeois Rightists", pp.457-458; "Have Firm Faith in the Majority of the People", pp.499-500 & 503-504 & 511.

Legislation and Policy.

Legislative changes made at this time must be seen in the context of the quote from Deng Xiaoping on p.17 above. Laws, decrees, internal Party instructions, media publicity, and education in schools were all designed to be part of a "whole of life" approach to handling the problem of Party work style. Legislative changes cannot, therefore, stand alone as evidence of serious intention to close legal loopholes and establish a strong legal framework. Rather, they are evidence of the Party's intention to carry out the current political struggle according to law rather than in the style of a mass campaign struggle. It is in this way that legislation was used as a method of confirming Party policy.

Legislative changes and policy statements relevant to bribery and corruption covered four main areas:

- ♦ cadres' living arrangements, including housing
- ♦ the sale of scarce State controlled commodities outside of the State plan
- ♦ penalties for bribery and corruption offences, which were increased
- ♦ serious economic crime in general.

Cadres' Living Arrangements.

Within the Party, new regulations targeted the abuse of power and privilege by cadres. The *Regulations on Senior Cadres' Living Arrangements*¹¹ was a signal that the seeking of special privileges by cadres in relation to their housing arrangements was prohibited. It is clear that regulations such as these were instituted because housing irregularity is a privilege that is highly visible to the people and there had been many complaints about it. This was one of the characteristics of this campaign; areas where visible privilege seeking caused social resentment were targeted with regulations (and as we shall see further on, the public criticism).

¹¹ Referred to in Deng Yingchao's CDIC Plenum Speech, *Renmin Ribao*, 28 March 1981, p.1.

Two years later similar warnings were still being made in the form of open letters from the CDIC (Central Discipline Inspection Commission) to leading cadres about irregularities in the construction and allocation of housing.¹² Anticipating formal legislation that would be introduced in 1991 (*Provisions for the Exemption from Prosecution for Corruption and Bribery Cases*), this same open letter offers an amnesty to those who voluntarily put the matter in order, carry out self criticism, and repay any economic obligation prior to 1 July 1983. The quasi-judicial position taken on in this instance by the Party's internal discipline body has perhaps contributed to the commonly held view at the time that Party members would be exempt from prosecution. The 1991 regulation was promulgated under the authority of the Supreme People's Procuratorate, thereby putting further formal distance between the Party's Discipline Inspection Commissions and formal judicial functions.

Another specific regulation concerned the misuse of land for housing construction: *Rural Housing Land Use Regulations* (State Council, 13 February 1982). This regulation (which was repealed in 1986 by the *PRC Land Administration Law*) stipulated that fertile land was not to be appropriated for illegal construction of housing. A number of cases publicised during this campaign were of situations where a powerful local Party official had appropriated communal land for his own housing needs. This regulation made it clear that such practices were illegal from that time onwards.

Selling State Controlled Commodities.

One of the main problems targeted by the campaign was the abuse by officials of their power and position as controllers of access to State wealth. The State Council's *Circular Concerning the Prohibition of Unhealthy Practices in Commodity Circulation* (15 July 1981) made it clear that accepting bribes in exchange for access to commodities controlled by the State was prohibited. The circular clearly prohibited the variety of activities known as: entertainment fees, activity fees, invitation fees, hardship subsidies, prize fees, condition money, commissions, or kickbacks.¹³ Cash, gifts of any kind, or

¹² *Renmin Ribao* 19 March 1983, pp.1,4.

special favours given in exchange for access to a limited commodity or to seal a lucrative contract were all prohibited. Shortly after this circular was distributed, the CDIC issued its own version (20 July 1981) which focused on discouraging the use of *guanxi*,¹⁴ with the Beijing Municipal CCP Committee following suit as well.¹⁵

The prohibition of these activities did not have total support within the Party and this conflict had clear repercussions for the management of the campaign. From the cadres' point of view, two main points of contention arose. Firstly, that public criticism of leading cadres might damage the Party's image irreparably, when the aim of the process was to garner public support. It seems that senior cadres tried to claim immunity from corruption charges on the basis of long standing service to the Party.¹⁶ Whilst it is true that popular political cynicism was high, the Party itself acknowledged that the masses heartily approved of the public criticism of senior cadres,¹⁷ although this is probably a way of justifying charges against senior cadres. Secondly, there was concern that discipline inspection work was antagonistic to economic modernisation.¹⁸ This antagonism led some Party Committees to simply ignore the Discipline Inspection Commissions, or at least to obstruct their operations.

A common method of obstructing the course of the campaign was to neglect or delay inspection reports under the pretext of the need for further investigation or study. In this fashion big problems were turned in to small problems, while small problems disappeared altogether. Concurrent with these devices for avoiding disciplinary sanction was the pervasive effect of *guanxi*:

Individual leaders and cadres place human relationships higher than party spirit and they shelter and take no action against those who

¹³ *Renmin Ribao* 17 July 1981, p.1

¹⁴ *Renmin Ribao*, 7 August 1981, p.1.

¹⁵ *Renmin Ribao* 16 August 1981, p.1

¹⁶ *Renmin Ribao* 31 December 1980, pp.1,4

¹⁷ See Deng Yingchao's CDIC Plenum Speech *Renmin Ribao*, 28 March 1981, p.1.

¹⁸ *Renmin Ribao* 27 April 1981, p.3.

violate party discipline, thus hampering the carrying out of discipline inspection work and creating a bad effect among the masses.¹⁹

These practices were especially common in cases involving leading organisations and middle level or senior level cadres.²⁰ In addition to these informal countermeasures there were formal methods of controlling the direction of the campaign. The most important of these was that in complicated cases or those involving powerful people the relevant Party Committee had to authorise the investigation.²¹ That is, the Party Committee decided who and what was to be investigated. Although this situation is formally prior to the 1982 campaign's official declarations that all personnel will be treated equally regardless of rank or position,²² it is clear from the CDIC Report of 25 July 1983²³ which reports on the previous year's work, that the situation had changed very little.

Penalties for Bribery and Corruption.

The NPC's *Decision Concerning the Severe Punishment of Serious Economic Crimes* was promulgated in March 1982.²⁴ This decision, by far the most significant legislative change in the field of bribery and corruption, was designed to supplement and amend the *Criminal Law* with harsher penalties for economic crimes and provide further detail as to what constitutes a crime. It effectively raised the maximum penalty for receiving a bribe from five years imprisonment if the case caused serious losses, to life imprisonment, or death if the circumstances were particularly serious. This regulation must be seen in the context of other legislative changes at the time. One allowed for fewer controls on the approval of death sentences (June 1981)²⁵, while another introduced rapid and severe punishment of those who seriously endangered public security (September 1983).²⁶ This

¹⁹ *Renmin Ribao* 27 April 1981, p.3.

²⁰ CDIC Report of 25 July 1983 *Renmin Ribao* 27 July 1983, p.4.

²¹ *Renmin Ribao* 27 April 1981, p.3.

²² See *Renmin Ribao*, 1 Nov. 1982, p.3.

²³ *Renmin Ribao* 27 July 1983, p.4.

²⁴ For the text of this regulation see *Renmin Ribao*, 10 March 1982, p.1,3.

²⁵ *Decision of the Standing Committee of the National People's Congress Regarding the Question of Approval of Cases Involving Death Sentences in The Criminal Law and the Criminal Procedure Law of the People's Republic of China* Foreign Languages Press, Beijing, 1984, pp.217-219.

latter regulation was given further weight by a reduction in the time limit permitted for appeals from 10 days to 3 days.²⁷ Kill them, and do it quickly, could be a crude summary. There was, then, a clear trend to mete out severe penalties, including the death penalty, in an increasing number of cases and with fewer controls over mis-sentencing. Achieving political stability and unity according to law was still severe, but now it is the law rather than the Party official's word.

A pertinent article explaining this *Decision* raises the topic of the relationship between circumstances, policy and the law.²⁸ The author makes it clear that simply handling cases "according to law" is well meaning but misguided, in that it is an adverse reaction to the Lin Biao/Jiang Qing counter-revolutionary clique's practice of placing undue emphasis on circumstances or policy or both. To merely give tit for tat, says the author, and completely disregard circumstances and policy, is not what we're aiming at, but rather that carrying out the struggle against economic crimes according to law will perfect the struggle.

Somewhat ambiguously, the article states that the circumstance to consider is the current rise in serious economic crime, while the policy is to place economic construction as the central task while continuing to struggle against serious economic crime. This article and other public statements about the anticorruption strategy appear to be saying that handling a case of corruption according to *guanxi* or other personal considerations is not the current policy, but rather cases must now be handled according to the central task of economic construction on the one hand, and fighting serious economic crime on the other.²⁹ This was a central tenet of the campaign strategy and is crucial to understanding

²⁶ *Decision of the Standing Committee of the National People's Congress Regarding the Procedure for Rapid Adjudication of Cases Involving Criminal Elements who Seriously Endanger Public Security*, found at Note 25, pp.246-249.

²⁷ *ibid.*

²⁸ See Zheng Lin, "Yunyong Xingfa Wuqi Yancheng Jingji Fanzui", *Faxue Yanjiu*, 3, 1982, p.32, wherein the author expounds on the theme of the relationship between circumstances, policy and the law.

²⁹ An article in *Hongqi* also explains the new two-handed policy of opening to the outside while firmly persisting in the struggle against serious economic crime:

why corruption remains a widespread problem in the PRC in the 1990's. The *Faxue Yanjiu* article referred to the CCPCC and State Council's *Decision Concerning the Struggle Against Serious Illegal Activities in the Economic Field* (14 April 1982) as containing further information on relevant circumstances and policy, so we will examine that document below.

It was claimed that only a small number of cadres were involved in corrupt activities and that resolutely implementing this resolution even to the point of carrying out the death sentence, would serve as a warning to all economic criminals. It would also thereby be part of the education process.³⁰ This is another aspect of the campaign that continues along Maoist lines, but it is now done under the cloak of law. Maoist mass mobilisation has become Dengist law.

Serious Economic Crime.

A major legislative feature of this campaign came in the form of the *Decision Concerning the Struggle Against Serious Illegal Activities in the Economic Field* (CCPCC and State Council, 14 April 1982).³¹ This document appears to be a blueprint for the implementation of the *Decision Concerning the Severe Punishment of Serious Economic Crimes* (NPC March 1982). In many ways it interprets and explains the NPC's *Decision*, thereby placing the Central Committee and the State Council as interpreters of the legislation. The document contains eight important points:

1. The central task is economic construction.
2. Economic crime has increased in recent times, but some comrades do not take this seriously because they think that struggling against economic crime will detract from the central task.

Commentator's article, "Daji Jingji Fanzui Huodong yu Jieji Douzheng Wenti," *Hongqi*, 15, 1982, pp.25-30.

³⁰ Editorial *Renmin Ribao*, 10 March 1982, p.1.

³¹ *Renmin Ribao* 14 April 1982, pp.1,2.

3. Stress should be placed on handling major cases, recent cases, and cases involving government offices, enterprises and institutions when they act independently rather than in collusion with criminal gangs.
4. Offenders will be dealt with strictly according to law, regardless of rank or position.
5. A clear distinction must be made between mistakes in work and violations of the law; between unhealthy tendencies in economic affairs and outright economic crimes; between smuggling, embezzlement, bribery, speculation, swindling and problems arising from the policy of enlivening the domestic economy.
6. In assessing criminal responsibility a distinction must be made between personal embezzlement and the act of shifting the interests of a big group to those of a small group.
7. The policies of economic openness and struggling against serious economic crime can be implemented without conflict.
8. Legitimate business practices of the collective economy will be protected, but those who make a business out of smuggling/speculation/profitteering will be punished.

This list raises a number of significant questions about the implementation of the anticorruption campaign. Where is the dividing line between the situations described in point five? Why is personal embezzlement a criminal offence, but shrinking the size of the group that benefits is not? Does this permit a form of "group embezzlement"? Are legitimate business practices of the collective economy permitted as long as they continue to benefit a group and not an individual? To answer these questions it is necessary to examine the media aspect of the campaign strategy.

This document also introduces the phrase *da'an yao'an* (big and important cases), which we note here because it is a Maoist style management technique³² that was used in this 1982 campaign and was still in use during the 1993 campaign. Typical cases that are *da'an yao'an* are to be used for education; to increase the level of politically correct

³² "Combat Bureaucracy, Commandism and Violations of the Law and of Discipline" pp.84-86, *Selected Works of Mao Zedong, Vol.5*.

communist thought among leading cadres and to increase their legal education. The media in the PRC has traditionally been used as means of propaganda, and stories are a traditional method of getting the message across, thus the choice of cases for publicity in this campaign is best understood as representative of a type of corruption crime rather than as numerical evidence of "the worst cases that were discovered". It is among these big and important cases that some answers may be found to the questions raised by this *Decision*.

This *Decision* also sets in place the controls and checks on investigation of cases:

For the convenience of the division of labour, the centre and provincial levels should jointly pay particular attention to handling problems at the prefectural level or above, and problems at the county level should generally be handled by the provincial authorities. However, the Centre may also handle particularly serious problems at the county level. Particularly serious problems below the county level should be handled by the provincial authorities.³³

Further to this:

Problems coming under inner-Party discipline should be handled by the Party's discipline inspection committees whereas especially important problems should be referred to Party committees of equal or higher level. Problems relating to violations of the criminal law should be dealt with by the judicial organs according to law.³⁴

Thus serious cases from county level or above have been approved for investigation by the province or the centre. Further to this, they have been approved by the Party Committee rather than the CDIC and it is implied that the discipline inspection committees only handle minor breaches of Party discipline. "Especially important

³³ *Renmin Ribao*, 14 April 1982, p.1.

³⁴ *Renmin Ribao* 14 April 1982, p.2. On the separation of State and Party authority also see *Renmin Ribao* 5 April 1982, p.3.

problems" are probably in the realm of breaches of state law, so it is the Party Committees that are the link between Party discipline and state law, not the discipline inspection committees. The focus is on problems at county level or above and this is a demarcation line that will continue to apply throughout this campaign and into the 1993 campaign. Petty pilfering or low cost gift giving at the grass roots level is not on the big propaganda agenda.

The final comment that must be made about this *Decision* is that it refers to those who support it, or those to whom it applies, in three categories: Party, government and army personnel. There are no major cases of corrupt army personnel represented among our case studies, merely one that records a mess officer (company quartermaster) who gave a leading cadre some "local specialties" to establish *guanxi*. In return, the cadre gave him education and criticism on the evils of *guanxi hu*.³⁵ The stress of this account is actually on the fact that the people from the Party Committee in this regiment resisted bad practices and so received praise from the CCP Central Military Commission.

We raise this example here because in the 1993 campaign any mention of the army in documentary or case evidence disappears; we could not find either an upright army hero whose uncorrupt deeds can be lauded or a military crook. The army's image underwent a serious change in the intervening period as a result of the events of 1989, and its unwillingness to be subject to any further public criticism no doubt is the cause of its absence from the publicity of the 1993 campaign. Official statements during the 1993 campaign indicated that the anticorruption campaign would be implemented in the army as well as other sectors of society, but no results of the army campaign have been publicised.

In the "Media Publicity" section of this chapter we will look at about 40 cases used by the authorities for didactic purposes during this campaign. I chose these cases randomly with the aim of getting an overall feel for the focus of the campaign. In 1982 the

³⁵ For an account of this case see *Renmin Ribao*, 24 January 1983, p.3.

Supreme People's Court handled 33,265 cases of economic crime, with 1,862 of them involving sums of over 10,000 yuan.³⁶ Our 40 or so cases are therefore, obviously, not the worst of the pack, but are representative of the extent and quality of the crimes that the authorities want publicised. There is no breakdown of these 1982 figures available to tell us the levels of the cadres involved, nor indeed the particular departments or industries that are most adversely affected. Our study of the actual cases made public throughout the campaign will help fill in some details on this point.

Media Publicity

The media plays an important role in this anticorruption drive. It is directed to publicise typical cases in order to educate the masses and frighten other criminals.³⁷ The use of typical cases in the media is a standard Maoist practice (see Note 32 above) and was utilised in both the campaigns examined in this study. Typical cases are chosen for their didactic content and are aimed at officials as well as the masses. They are intended to represent both positive and negative examples, but mostly the negative prevail. Criticism of cadres in the media is supposed to promote a powerful public opinion in favour of the Party and against the offenders. The handling of the media profile is an integral part of the strategy and is not haphazard:

We must utilise typical cases to frequently and extensively carry out education against corruption. The party organisations at all levels must attach importance to giving publicity to the investigation and handling of major typical cases. Whenever a major typical case is being handled, it is necessary to issue circulars internally and to openly publish reports and write articles and commentaries on the matter. The materials on some typical cases should be sent to the party's basic-level units as teaching materials to carry out regular education among party members and the masses. At the same time, efforts must be made to extensively

³⁶ Supreme People's Court Work Report to NPC of 7 June 1983 *Renmin Ribao* 26 June 1983, p.2.

³⁷ CDIC Report *Renmin Ribao* 27 July 1983, p.4.

carry out propaganda and educational work by holding exhibitions, making television and motion picture films and adopting other literary and art forms...³⁸

Space does not permit us to explore the extent to which the anticorruption campaign was carried out via cultural and artistic genres;³⁹ that must await further study. At this point we are looking just at the legislative and media handling of the campaign.

The 1982 campaign established an early and continued trend to focus on major and important cases of corruption within the cadre ranks. Stress was to be placed on major cases rather than ordinary ones, recent cases rather than long-pending cases, and cases involving government offices, enterprises, and institutions acting alone rather than cases where government offices etc. have colluded with law breakers.⁴⁰ Thus the focus is on visible, shocking, fixable, and particularly immoral or inexcusable cases. This choice of emphasis appears to be aimed at three broad goals: firstly, to show that the Party is serious about dealing with abuses of power; secondly, to give the Party maximum positive public profile as the body most able to continue to lead China and manage its assorted problems; thirdly, as a signal that the Party wants to regain control over the loyalty and official activities of its more powerful members.

Of the 40 or so cases I randomly chose for this study of the 1982 campaign, the most common form of corrupt activity involved irregularity in housing allocation. These results concur with those obtained by Alan Liu in a more thorough study based on material on corruption from 1977 to 1980.⁴¹ Liu discovered housing irregularity to be the most

³⁸ *ibid.*

³⁹ For one example see a review of the play "Power Versus Law" in which the hero, Luo Fang, is supposedly a Communist version of the Sung Dynasty era Magistrate Bao, who could be neither bribed nor pressured by superiors to pervert the course of justice when handling the case of his brother-in-law who had broken the law: Gladys Yang "'Power Versus Law' - A Courageous, Topical Play" *Chinese Literature* 6, June 1980, pp.92-97.

⁴⁰ *Renmin Ribao*, 14 April 1982, p.1.

⁴¹ A.P. Liu, "The Politics of Corruption in the Peoples' Republic of China", *American Political Science Review*, 77, 3, September 1983, pp.602-623.

common form of corrupt activity, closely followed by excessive feasting. My own survey also revealed about a third of the cases occurred in the major cities of Shanghai, Guangzhou or Beijing, with the next largest group of cases occurring at county level. From the provincial angle, Guangdong and Shenzhen were often represented, probably reflecting the number of opportunities for corrupt activity in these economically developed areas.

The CDIC, in looking back over a year of work on the anticorruption drive, listed five categories of serious economic criminals:⁴²

- ♦ those who claim to be working in the interests of the state or collective;
- ♦ those lawbreakers who engage in speculation and fraud;
- ♦ state functionaries who use their authority to accept bribes;
- ♦ lawless people at home and abroad;
- ♦ remnants of the Lin Biao and Jiang Qing counter-revolutionary clique.

We will look at the first three categories as specific cases illustrating them were reported.

In the first category is the case of Zhou Zhirong, described as a former principal leading member of the Shenzhen branch of the Chinese Electronics Technology Import-Export Corporation. Zhou was involved in large-scale smuggling and tax evasion with the value of smuggled goods placed at 23 million yuan. Also in this category is a case involving the illegal trade of more than U.S.\$1 billion (*sic*) in foreign exchange which involved "certain central state organs and certain other organs". The admission of the involvement of central state organs is a telling one, particularly as we understand these cases to be representative of their type, not the worst of their kind. This latter case serves to illustrate a situation involving a government institution that acted either independently or with other state organs, but not with criminals. It is not that criminal involvement was to be overlooked, as the case of Ma Xiguang (see below) illustrates, but rather that the focus of the campaign was to clean up the activities of state organs, or appear to be cleaning them up.

⁴² CDIC Report of 25 July 1983 *Renmin Ribao* 27 July 1983, p.1.

Corrupt activity and bribe taking among officials of import/export companies was a commonly reported type of offence during the 1982 anticorruption campaign. Some examples illustrate the scope of this activity: the Deputy-Manager and Party Committee member of a Guangzhou handicraft import/export corporation received five years jail for giving 5% *huikou* (discount) to certain Hong Kong traders as publicity fees.⁴³ These kickbacks were prohibited in the 1981 Party circulars but it was not until the March 1982 *Decision* that such activities could be dealt with according to law. Kickbacks work in a number of ways, but on this occasion the 5% probably should have been included in the price and thereby returned to the corporation, but instead was virtually given away to the Hong Kong traders under the guise of publicity fees.

Another import/export corporation in Chengdu, Sichuan Province, had its business director in a mutually profitable relationship with the head of a local clock and wristwatch industrial corporation. The factory head and the State official under whose responsibility his factory was placed found mutual benefit in travelling abroad to Switzerland on research tours. Upon their return the group fiddled their expense accounts to say they had used more money than they did and sought re-imburement in foreign exchange.⁴⁴ The Deputy-Manager of the Jiangsu Province Machinery Import and Export Corporation travelled abroad and pretended he had been robbed. He then accepted bribes from foreign businessmen as "loans" in return for giving them favourable trade deals that were not in the PRC's interests.⁴⁵ This report mentions that the CDIC approved of the provincial party committee's decision regarding the case, indicating the case is *da'an yao'an*.

⁴³ *Renmin Ribao*, 6 March 1982, p.1.

⁴⁴ *Renmin Ribao*, 10 October 1982, p.4. Another similar case is recorded in *Jiangsu Provincial Service* in Mandarin 1100 GMT 19 October 1982, in FBIS CDR 29 October 1982, O5.

⁴⁵ *Renmin Ribao* 12 January 1982, p.1.

The accounts of these cases usually emphasise the decadent bourgeois attitude of these offenders and how they succumbed to "unhealthy tendencies" and adopted a corrupt work style. The high prevalence of the import/export sector in cases publicised during this campaign probably reflects two broad trends: firstly, opportunities abound more in a sector that enables overseas travel and handling of foreign exchange; secondly, lingering suspicion of opening to the world economy and the possible negative effects on PRC society.

In the second category is the case of Chen Mingxiao who disguised himself as a Communist Party member, set up some kind of research institute, and proceeded to cheat more than 50 departments and over 200 cadres over the space of 4 years.

In the third category is the case of Wang Zhong, former Deputy Director of the Political and Legal Affairs Committee under the Shantou Prefectural Party Committee, Guangdong. Wang's case is the only one in this CDIC report that mentions a criminal sanction. He was sentenced to capital punishment for accepting and misappropriating more than 60,000 yuan of bribes and smuggled goods. The punishment is in line with the new harsher penalties detailed in the State Council's 8 March 1982 *Decision*, and the Party went to considerable lengths to convince the populace that the verdict was just and lawful.⁴⁶ By admitting that corruption has permeated even the powerful *Zheng Fa Wei Yuan Hui*, the Party is admitting that the core of its system is vulnerable to, and has been subjected to, corrupt activities.

It is also a clear admission that the political loyalty of officials like Wang is a major concern of the authorities, and that they will not allow it to continue unchecked. Wang was punished harshly, reportedly because he abused his powerful position and indulged in the sharing of smuggled goods rather than in working to eliminate smuggling as he should have been doing. The importance of Wang's case is indicated by the involvement

⁴⁶ *Renmin Ribao* 18 January 1983, p.1. See also *Guangdong Provincial Service* 2350 GMT 24 January 1983, in SWB FE/7242/BII/2-3.

of the central authorities in the sentencing; the Supreme People's Court examined and approved the death sentence,⁴⁷ and the Central Committee's newspaper, *Renmin Ribao*, described it as "a just verdict."⁴⁸ Those in positions like Wang's, especially in provinces like Guangdong, have access to some of the best opportunities for corrupt activity. This issue will re-emerge when we discuss the 1993 anticorruption campaign.

Irregularity in the allocation of housing and the appropriation of public land for building private houses was a corrupt activity commonly reported during the 1982 campaign. It was obviously an activity that was highly visible to the general populace and therefore was often criticised. The housing sector also underwent some clear legislative changes and many of the following cases can be understood as part of the didactic reportage associated with the legislative change.

The Deputy-Director of Shenzhen Posts and Telecommunications used his position to acquire funds and raw materials with which to build a private house on commune land.⁴⁹ The Deputy-Director of the Political Office of the Shenzhen Municipal Border Defence used his position to enable a construction company representative to obtain the right clearances and contacts to engage in business. In return, the deputy-director received money and materials to build his house.⁵⁰ The Deputy-Director of a food bureau in Beijing used his position to accept bribes and illegally handle public housing matters.⁵¹ The Propaganda Department Head of a county used his position and public money to allocate housing to various people who could in return provide him with useful favours, such as the deputy head of the county communications department.⁵² Again, the admission that even in the heavily vetted propaganda department⁵³ there is cynicism with

⁴⁷ *Xinhua* in English 1543 GMT 17 January 1983, in FBIS CDR 19 January 1983, K1.

⁴⁸ *Renmin Ribao*, 18 January 1983, p.1.

⁴⁹ *Renmin Ribao* 2 February 1982, p.4.

⁵⁰ *Guangzhou Yangcheng Wanbao* in Chinese 8 August 1982, p.1 in FBIS CDR 13 August 1982, P1-2.

⁵¹ Beijing *Xinhua Domestic Service* in Chinese 1207 GMT 4 May 1983, in FBIS CDR 5 May 1983, K10.

⁵² *Renmin Ribao* 31 October 1982, p.1.

socialism and the embrace of bourgeois capitalism which reveals a crisis threatening the very existence of the Party. The Deputy-Director of the Grain Bureau in a district in Shanghai used his position to illegally acquire houses.⁵⁴ The Party Secretary of an automobile company used his post to acquire private housing.⁵⁵

The common denominator in these cases is the power of the Party official in a sector that has both a monopoly and a highly desirable product, such as grain, postal and telecommunications services. The supply of essential products can be purchased with a bribe if you don't wish to wait in line or pay the regular price, as a county official discovered when dealing with the Huainan Ore Office in Anhui Province; a bribe to the Deputy Office Manager secured the coal at a reduced price.⁵⁶

Apart from the general cases surveyed for this study, there are also a number of big, typical cases made public during this anticorruption drive on which the Party has placed a great deal of emphasis. These cases tend to reveal the "unhealthy tendencies" in Party work style that had been recently prohibited.

The first of these was the case of the Beijing Municipal No 3 Metalworks Plant which is simply criticised for feting customers in violation of financial and economic discipline.⁵⁷ This publicity appeared in conjunction with the Beijing Municipal CCP Committee's circular prohibiting unhealthy tendencies (see p.23), thus we can interpret it as a typical example of the unhealthy tendencies that the authorities are declaring illegal. It is also a good example of the interaction between legislation and media publicity since both were circulated together; they are a continuum. The only details in this article specify illegal wining and dining. Exhortations to generally turn over a new leaf and abide by the new

⁵³ See *The Chinese Communist Party's Nomenklatura System - A Documentary Study of Party Control of Leadership Selection, 1979-1984*, J.P. Burns, (Ed), ME Sharpe 1989, pp26-27.

⁵⁴ *Renmin Ribao* 19 March 1983, p.4.

⁵⁵ *Renmin Ribao* 9 August 1983, p.4.

⁵⁶ *Renmin Ribao* 8 December 1983, p.4.

⁵⁷ *Renmin Ribao* 16 August 1981, p.1

regulations follow, with warnings that future violations will be punished under the bribery regulations. This case is a public example and warning against the "eating and drinking frenzy in Beijing" referred to above.

Six months later, a similar case was publicised in the same moderate tone. This time the Tianjin Municipal Flux Plant had breached regulations by squandering public funds on entertainment and gifts.⁵⁸ Again, more general exhortations to follow the rules are given, but no record of any disciplinary measures taken, no mention of any criminal sanction or prosecution as the sum involved is stated to be about 10,000 yuan, and no details of the names or positions of officials involved. This supports the view that the cases chosen for publicity are primarily warnings rather than propaganda to convince the populace how ruthlessly the authorities are dealing with corrupt officials.

These two cases (and the many others that they represent) most likely contributed to the formulation of the March 1982 *Decision Concerning the Severe Punishment of Serious Economic Crimes*. It appears that the Party circulars and warnings given in these cases did not have the desired effect, so the heat was turned up a little by the introduction of specific legislation by which offenders could be prosecuted. Offenders had to be prosecuted according to law, and although Party policy documents contribute to the interpretation of laws and are the standard by which internal Party discipline is judged, they are not the standard for indictment.

This warning tone evaporated when the anticorruption campaign was formally under way. The "Liaoning Swindle"⁵⁹ was another case from which Party members and cadres were to draw a lesson. It occurred at the Tiefu Mining Bureau at the instigation of the "big swindler," Ma Xiguang. Ma had been jailed in 1962 for corrupt activities and now he was back, up to the same old tricks. In his capacity as a salesman for the consolidated plant of the Tangtu production brigade of Xinbing County, Ma used his

⁵⁸ *Renmin Ribao* 27 December 1981, p.4.

⁵⁹ See *Renmin Ribao* 17 February 1982 p.1, and also *Xinhua Domestic Service in Chinese*, 1457 GMT 16 February 1982, in FBIS CDR, 17 February 1982, pp.K1-2.

previous relationships with cadres at the Tiefa Mining Bureau to sign fraudulent contracts and make verbal agreements, many of which involved goods of inferior quality.

Of the 113 personnel of the Tiefa Mining Bureau who directly or indirectly received bribes from Ma, 53 were cadres at or above the section level. Of these, only 3 are singled out for public denunciation. Shen Guangzhu was an engineer responsible for examining and approving purchase orders for electromechanical spare parts. Shen's fee for accepting inferior goods was a load of timber which he used to build three houses for himself. The remaining timber was sold by Shen at a high price to reap a profit of 1200 yuan. Shi Liansheng was a worker in the spare parts section who also received bribes but no other details are given of his case. Liu Ying, Secretary of the Mining Bureau's Party Committee was reportedly Ma's "backstage supporter", and in this role received a variety of goods as bribes.

This case is interesting when viewed from the angle of the guidelines listed on pp.26-27 above. The activity at the mining bureau was clearly of benefit to a group of people even though only three are singled out for public attention, so there is obviously more to the guidelines than whether or not the corruption is for individual or group benefit. The proper functioning of the mining bureau would have been severely affected by these activities, especially the fraudulent contracts and reception of inferior goods, which were all carried out knowingly, so no argument can be made that these people simply made an error in work practices or that the problem arose due to problems in implementation of the economic construction policy. Ma was a straightforward swindler according to the report, and the personnel at the mining bureau willingly took advantage of his lucrative offers. Had the activities of the bureau personnel not been outrightly destructive towards the economy the result may have been different. One of the problems of this study is that we only have access to cases that are officially sanctioned, so we don't have any specific information about cases that may involve corruption but in some way positively contribute to economic construction and therefore are overlooked. The cases we examine

in Chapter Four that relate to the 1993 campaign are a little more revealing on this subject.

As this swindling case was another that was made public in February 1982 before the promulgation of the *Decision Concerning the Severe Punishment of Serious Economic Crimes* in March 1982, it is possible that it contributed to the formulation of stricter penalties for corrupt activities. Or, more likely, the case was made public at a politically expedient time to justify the need for the introduction of harsher penalties. The timing of the details of the case support the view that the case was concluded up to one year prior to February 1982, thus it is more likely the publicity was held off until, or reintroduced at, a convenient time.

This case is a clear illustration of the relationship between the law and the media in this campaign; media cases are used to illustrate the new regulations, educate the people about the content of the regulations, and justify the introduction of the regulations. Ma's first prison term in 1962 was the maximum allowable under the law at the time; five years. Under the new penalties soon to be introduced, he could have been put to death. Ma reportedly arranged contracts and agreements that amounted to 11 million yuan in value, many of which turned out to be fraudulent. Only 16,000 yuan worth of supplies and cash were recovered. Losses such as this in a sector critical to modernisation and development, that is the mining sector, could not be ignored or absorbed.

The case is billed as one that the Tiefu Mining Bureau Party Committee has attached great importance to. The Party Committee used the case to carry out education among staff and workers throughout the mining area on the subject of honesty in performing official duties and adherence to Party discipline and State laws. The three people chosen from this case for public exposure appear to represent different levels and positions within the Party and bureau structure; the Secretary of the Party Committee, an engineer who has responsibility for a section, and an ordinary worker. The message is: personnel

from all levels within the bureau were engaging in corrupt activities that hindered economic development and this will not be overlooked.

In summary, we have set the 1982 anticorruption campaign clearly in its political background as a campaign to improve Party work style. The policy limits of the campaign were discussed, together with the lines of authority and problems associated with this particular campaign. We surveyed new laws and regulations in the housing sector, commodity products sector, economic crimes in general, and surveyed the new harsher penalties for economic crime. We surveyed a number of cases that revealed media criticism was most common among cases involving a publicly visible sector such as housing, and another group of cases that highlight the relationship between law and the media profile of this campaign. Surveyed cases also revealed serious problems in some sectors that are crucial to Party strength, such as the Political Legal Committee and the Propaganda Department. The offenders in these cases suffered the harshest penalties for their crimes which indicates that during this campaign it was not just the actual crime of bribe taking for which offenders were penalised, but their position and importance to the Party played an integral role as well. Harsher penalties for personnel in strategically important sectors was not specifically permitted under the Criminal Law but was presumably left to judicial discretion or was carried out according to documents that have not been made public. This issue re-emerges in the 1993 campaign with crucial consequences. We have also shown that a number of aspects of Maoist style campaign management were carried over into this period. On the whole, high level cadres were not targeted as most cases involved cadres at the middle level. This reveals a discrepancy between stated aims and actual deeds of the campaign.

Two significant points emerge from the study of this campaign management: firstly, the open acknowledgment that although the campaign will be carried out according to law, this does not mean a *carte blanche* attack on all corrupt activities. Economic construction is the central task and corrupt activities that detract from that will not be tolerated.

The second point worth noting is the leading role played by Party policy in this campaign (as per the circulars concerning unhealthy tendencies) which was later confirmed by specific legislation. This observation is supported by later research from the State Economic System Reform Committee which describes two methods of reform by law: *zhengce xianxing, falu queren* (policy leads the way, law confirms), and *falu tupo, zhuhu wanshan* (law breaks through, then is progressively perfected).⁶⁰ The author states that the first few years of reform were characterised by *zhengce xianxing, falu queren*, but in the nineties he advocates *falu tupo, zhuhu wanshan* for several reasons that he continues on to explain. We shall return to the method of *falu tupo, zhuhu wanshan* later in this study, but here it is useful to note the still dominant and leading role of Party policy in campaign strategy.

The *da'an yao'an* we discussed above were publicised under the authority of either the Party Committee or the CDIC, not the courts or procuratorate. Most of the general cases surveyed were publicised under the authority of the courts and procuratorate. This means that the media aspect of campaign strategy appears designed to clearly link the Party and its CDIC in exposing *da'an yao'an*, rather than in showing how the offenders were prosecuted according to law. This is not to imply that offenders were not prosecuted according to law, but simply that the campaign strategy did not emphasise this point. Media strategy for general cases allowed for the courts and procuratorate to take the kudos. This conclusion sheds doubt on Deng's proclaimed strategy to carry out political and social change according to law. If you're going to carry out a campaign "according to law", surely a major feature of it should involve publicising the way in which major cases were handled "according to law". When it came to big cases of bribery and corruption, the Party still played the dominant role; legislation served to confirm or legalise Party policy.

⁶⁰ Gan Cangchun, "Zenyang Baozheng Gaige de Hefa Xing", *Faxue Yanjiu*, 6, 1991, p.3.

To provide some framework in which to assess the success of this campaign we will look briefly at some general political science material. Scott (1972) in discussing the relationship between major political transformation, establishment of a new administrative order, and the enduring legitimacy of that order, finds three conditions lead to a relatively uncorrupt state:

- ♦ when a new order is established by the personal work of a single, charismatic leader,
- ♦ when that leader's vision has wide emotional acceptance among the people,
- ♦ when the new order is sustained and institutionalised.

Scott then cites the positive examples of Tunisia and Singapore as opposed to those of Ghana and Indonesia. The parallels for China are telling; if Mao's vision of an uncorrupt China had been institutionalised in the early years of the Communist regime when emotional support for the regime was high, then perhaps the widespread disillusionment with socialism coupled with the frantic desire to make money that characterises the reform era may not have lead to such uncontrolled corruption. Mao's noted dislike of bureaucratic structures and his regime's patchy record of the establishment of internal control mechanisms has been recognised by at least two studies.⁶¹ Scott concludes that:

A regime that enjoys both a symbolic and rational commitment from its people and has effective institutions to channel those beliefs can bring to bear a variety of powerful social sanctions and new loyalty patterns to reinforce new administrative norms. A regime that must rely on the sanction of the law alone, by contrast, operates at a nearly fatal disadvantage.⁶²

At the time of the 1982 anticorruption campaign in China the regime was relying largely on legal sanctions alone. The dismal record of corruption control throughout the 1980's

⁶¹ L.R. Sullivan, "The Role of the Control Organs in the Chinese Communist Party, 1977-83", *Asian Survey*, 6, June 1984, pp.597-617; and G. Young, "Control and Style: Discipline Inspection Commissions Since the 11th Congress", *The China Quarterly*, 97, 1984, pp.24-52.

⁶² Scott (1972) p.19.

and early 1990's indicates the weakness of this strategy and raises serious doubts about the efficacy of "the rule of law" in the PRC in general.

Another framework distinguishes between "environmental" anticorruption strategies that focus on raising moral awareness and "institutional" strategies that are associated with measures such as: the creation of specific anticorruption laws, the establishment of a complaints bureau to bring the people on side, and the initiation of anticorruption campaigns.⁶³ The PRC has relied on a mixture of these methods throughout the 1980's and 1990's but to little effect. Hong Kong has also relied on a mixture of these methods with a much higher success rate. Personal commitment on the part of the most significant political leader to controlling corruption appears to be the deciding factor, and this element is missing in the PRC. The level of commitment to anticorruption by the political leaders during the 1982 campaign was tempered by the central task of economic construction.

⁶³ A.T. R. Rahman, "Legal and Administrative Measures Against Bureaucratic Corruption in Asia", in Carino, (1986) pp.113-116.

CHAPTER THREE - LEGISLATIVE CHANGES ON BRIBERY & CORRUPTION

We noted in Chapter One of this study that legislative change was an important feature of the post- Mao period. We noted in Chapter Two that it was one of the two main methods used to implement the 1982 anticorruption campaign. Did legislative change continue to feature as an integral component of the 1993 campaign? If so, what were the characteristics of such legislation? Did it continue to reveal problems in sectors such as housing and State controlled commodities? Or did it reveal new problems? How was legislative change used to achieve the targets of the 1993 campaign? These are the issues we will consider in this chapter and they can be summarised as follows:

- ♦ what changes were made to corruption and bribery legislation between the two campaigns we are examining?
- ♦ what changes were made during the 1993 campaign and can thereby be considered an integral component of the campaign?
- ♦ how then should we interpret these legislative changes?

The changes and additions to laws and regulations throughout the 1980's has rendered the Chinese State in a better position than ever before to mount an anticorruption campaign on a legal basis. Specific regulations relating to bribery and corruption were infrequent from 1983 to the end of 1987 (see Appendix), with the most significant change being more in the line of a reiteration of previous prohibitions. *The Notice Concerning the Strict Prohibition of Illegal Profit Seeking in Social Economic Activities* (5 June 1986, State Council) again states that the activities known as kickbacks, sales commissions, red envelopes, royalties, and advantage fees are all illegal. Such practices were stated as illegal during the 1982 campaign, so why promulgate another piece of legislation that says the same thing?

One study suggests that it is because the enforcement of such regulations is half-hearted at best.¹ Although it is clear that such regulations were not strictly enforced, this doesn't mean that "saying it again" will result in stricter enforcement.² Another suggestion is that when the problems addressed in a piece of legislation are not new, then the legislation perhaps reveals that the problems are worse than in the past.³ This is convincing, especially as the PRC's own figures on bribery and corruption admit the problem is worse than in the past. But we suggest that legislation like this primarily reveals the current concern of the authorities and to a large extent prescribes the public focus of current anticorruption work. It is part of the public message that these types of activities are currently under the microscope. This is what occurred during the 1982 campaign and we will see in Chapter Four that it occurred during the 1993 campaign.

1988

From the beginning of 1988 there was an average of approximately one new regulation per month relating to bribery and corruption. 1988 was a prolific year for legislative changes in the PRC in general so we should not read too much into the bribery and corruption legislation in terms of timing. In 1989, however, the timing of legislation becomes more significant; the post June 4 1989 period was an extremely busy one for law making. It was clearly a period of "legislation on the run"; reactive rather than pro-active.

¹ Helena Kolenda, "One party, Two Systems: Corruption in the People's Republic of China and Attempts to Control It", *Journal of Chinese Law* (Columbia University School of Law, N.Y.) vol.4, no.2, Fall 1990, p.218.

² Mark Findlay and Thomas Chiu Chor-Wing point out that law reform is not necessarily synonymous with a government's commitment to action, but that in the PRC these two have strong links because law reform is not a simple process there. See "Sugar Coated Bullets: Corruption and the New Economic Order in China", *Contemporary Crises*, 13: 145-161, 1989. We suggest that at least with anticorruption and bribery legislation, a major intent of the law reforms is to declare the government's concern.

³ See Alison E W Conner, "Commentary on Supplementary Provisions of the Standing Committee of the National People's Congress Regarding the Punishment of Corruption and Bribery", *Hong Kong Law Journal*, 1988, pp.269-275.

The NPC Standing Committee's *Supplementary Provisions on the Punishment of Crimes for Bribery and Corruption* (21 January 1988) are designed to supplement the *Criminal Law* and its March 1982 *Decision Concerning the Severe Punishment of Serious Economic Crimes*. According to research by the Supreme People's Procuratorate, these two pieces of legislation are the most important regulations concerning bribery and corruption, especially the 1988 *Supplementary Provisions*.⁴ The Supreme People's Procuratorate article sets the scene for a distinct departure from the 1982 situation in which the Party and its policy played the dominant role. This 1990 article states that the 1988 *Provisions* are the most important because they are issued from the most powerful organ, that is the NPC. The author continues to explain that certain *jieda* (answers) and *yijian* (opinions) are matters of judicial concern which require an explanation from the judicial organs. This means that the Party's direct role in campaign strategy is diminishing and the role of the various state organs is increasing. The method of reform by law according to the strategy of *falu tupo*, *zhubu wanshan* appears to be commencing. This 1988 regulation certainly sets a clearer direction, but as we shall see below, it has not been perfected.

The 1988 regulation provides for quite detailed differentiation of penalties according to the amount of money involved. For example, corruption involving more than 50,000 yuan should reap a punishment of at least 10 years or death if the circumstances are particularly serious. "Serious circumstances" are not detailed in this document and this has not changed at all during the 1990's. (To find out what constitutes "serious circumstances" it is necessary to look closely at the media component of the campaign). According to the 1988 *Supplementary Provisions* corruption involving an amount of more than 2,000 yuan will reap between 1 and 7 years for the offender, or 7 to 10 years for serious circumstances. If the amount is less than 2,000 yuan, the offender will be punished with no more than 2 years imprisonment; for non-serious circumstances involving up to 2,000 yuan, the work unit is to carry out administrative punishments.⁵

⁴ Zhang Zhiyou et al, "Jian Lun Tanwu, Huilu Fanzui," *Faxue Yanjiu*, 2, 1990, p.25.

⁵ The *Administrative Sanctions for State Administrative Personnel who Commit*

These are the penalties listed for corruption but acts of bribery resulted in more serious penalties: a ten year term for taking bribes up to 10,000 yuan, and for bribes of more than 10,000 yuan the recipient may be put to death.

This regulation also differentiates between bribery and corruption. Corruption involves illegal use of State funds for personal use, while bribery involves the abuse of one's position and power in exchange for unauthorised commissions, gifts and rewards. Clearly bribery is considered a more serious offence by the Chinese State, possibly because it can adversely affect the normal activities of state organs⁶, but it is also a fundamental threat to the integrity of such organs. The differentiation between bribery and corruption possibly also reflects an attempt to punish more severely those leading Party personnel and State functionaries who abuse their position and power for personal gain, since these are the main perpetrators of bribery, especially bribery involving large amounts. The 1982 anticorruption campaign established a clear intention to focus on leading cadres and this did not change at all during the 1980's. The March 1982 *Decision*, which amends the *Criminal Law*, allows for harsher penalties to be meted out to state personnel who take advantage of their office to commit the crimes of seeking exorbitant profits through smuggling, speculative arbitrage and speculation, theft, the sale of narcotics, and stealing and exporting precious cultural relics. The articles of the *Criminal Law* that cover corruption and bribery do not specifically allow for similar harsher punishments for leading state personnel, thus these *Supplementary Provisions* appear to go some way towards filling this gap.

Corruption and Bribery, Tentative Provisions (13 September 1988, State Council) cover the cases involving less than 2,000 yuan. See *Renmin Ribao* 18 September 1988, p.3. These *Tentative Provisions* were not implemented until 8 September 1989, which suggests that they were part of the confidence-buying activities of the authorities during that period. They also deal with low level or minor corruption and bribery offences, which suggests that although the demonstrations were against high level corruption, the authorities had found a convenient time to implement some anticorruption legislation.

⁶ Kolenda, p.211.

There has been some academic discussion in China on the legislative handling of bribery crime with comparisons being made with other states' laws.⁷ It was found that Bulgaria and the Federal Republic of Germany (*sic*), for example, have specific legislation that defines the penalties for bribery according to the offender's office; in Bulgaria ordinary workers receive not more than five years, while law enforcement and supervision personnel will receive not more than ten years. In the Soviet Union (*sic*) it was found that passing a bribe before a sentence was passed would lead to a higher penalty than in other situations, and in Bulgaria passing a bribe to a legal person would reap a penalty twice as high as a bribe to other personnel.

The author then makes several recommendations:

- ♦ specific, sterner punishments for law enforcement officers,
- ♦ specific, sterner punishments for bribery that perverts the law,
- ♦ deeper differentiation in the regulations to include a fine or other punishment together with the deprivation of freedom.

Although this research was published in 1991, too late for inclusion in the 1988 *Supplementary Provisions*, the opportunity to refine the legislation has not been taken up, even during the 1993 campaign proper which listed law enforcement personnel as one of its main targets. This can only lead us to conclude that the authorities, for some reason, do not want this refinement and deeper differentiation in the legislation.

Two other features of these *Supplementary Provisions* that are noteworthy are: firstly, the burden of proof for explaining income sources has been shifted from the prosecutor to the individual under suspicion, which has been an effective tool used by governments to combat the crimes of bribery and corruption.⁸ Secondly, state personnel are now required to declare any deposits they have in foreign bank accounts, but the punishment for not doing so is a mere two years. As Kolenda notes, it is unclear whether the individual would then be under scrutiny to explain the source of the wealth.⁹ Thus the

⁷ Gao Mingxuan et al, "Guanyu Huilufei de Bijiao Yanjiu", *Faxue Yanjiu*, 2, 1991, pp.10-17.

⁸ Kolenda, p.211.

Supplementary Provisions do seem to make some attempt to hold high level power holders more accountable for their actions and to mete out harsher punishment accordingly.

Another regulation specifically allowing harsher penalties for leading officials deals with gifts given and received when performing official duties in China.¹⁰ Gifts received must be handed over to the state treasury within one month.

Other bribery and corruption related regulations promulgated during this period reveal a concern with general honesty among Party and State personnel, and the opportunities available to Party members involved in foreign-related activities.

1989

1989 was another busy year for legislative changes, especially after June of that year, so we interpret the appearance of legislation during this period as addressing two types of concerns: general issues regarded as serious by the authorities, and also issues that had aroused the general public in April-June.

This period of legislation was primarily aimed at practices that represented a relatively low level abuse of public office: misuse of automobile allocations, wining and dining at public expense, and overseas junkets featured largely. There were also injunctions against the children of high ranking cadres engaging in business operations. These prohibitions were clearly an attempt to placate popular resentment; a public demonstration that the authorities are serious about tackling corruption. Many of these "work style" problems had been clearly prohibited since the 1982 campaign, thus reiterating them would not serve to enforce the rules but rather to create the appearance of action and signal the

⁹ *ibid.*, p.212.

¹⁰ *Prohibiting State Administrative Agencies and their Personnel from Accepting or Presenting Gifts in the Course of Performing Official Duties in China, Provisions* (1 December 1988, State Council), *Zhonghua Renmin Gongheguo Guowuyuan Gongbao* no.25, 6 December 1988, p.807.

focus of anticorruption work. In addition to these work style problems, incorrect political thinking was also targeted in the form of the *Notice Concerning the Strengthening of Work on Propaganda and Ideology* (29 July 1989, Central Committee).

1993

With this background of legislation that had two broad aims, that is, placatory and as a signal indicating that political ideology was about to increase in importance, some of the anticorruption legislation that emerged during the 1993 campaign covered familiar territory and some covered new ground. Circulars prohibiting the acceptance of money, securities, and gifts¹¹ basically repeat earlier injunctions. But two new directions were set. Firstly, a new and distinct problem was revealed by a Ministry of Justice in a series of measures that prohibited the following activities:

- ♦ incumbent leading officials of the judicial administrative organs at all levels must not concurrently take up leadership posts in economic entities and legal service institutions.
- ♦ units engaged in reform through labour must not collect charges or raise funds among prisoners, and PSB officials must not use their positions to demand money for the normal procedures of their position, such as reducing prison terms.
- ♦ solicitors' offices and other grass-roots legal service institutions must make public the system and criteria for fee collection.
- ♦ lawyers and other grass-roots legal service workers must not ask for additional money or articles from litigants and units to which they serve as advisers.
- ♦ when mediating civilian disputes, people's mediation committees must not collect charges from the people involved in the dispute.¹²

This list indicates that the entire justice system, from leading officials at the top to the grass roots people's mediation committees, has been affected by corrupt practices. It is a new target for attention in an anticorruption campaign. We can also assume that the

¹¹ *Renmin Ribao* 8 May 1993, p.1. See also *Renmin Ribao* 9 December 1993, p.4.

¹² *Hong Kong Ming Pao* in Chinese 22 July 1993, p.9 in FBIS CDR 9 August 1993, pp.29-30. See also reference to the "Prison Law" in "China: China - Annual Statistics from Liaoning Provincial Procuratorate", BBC Monitoring Service Asia Pacific 6/11/96.

actual problems are not isolated cases but are widespread because campaigns are not organised to deal with the odd misdemeanour here and there, but rather with the major problems. Chapter Four, which looks at the cases that make it to the press during this campaign, will bear out this view.

The second new direction was set by a circular that extensively listed a variety of fees that were to be cancelled.¹³ These fees had been common practice in departments such as the PSB, Labour, Personnel, Railway, Transportation, Posts and Telecommunications, Banking, and Civil Aviation Departments. It will be shown in Chapter Four that the media coverage of the 1993 campaign was not aimed at exposing cases of illegal fee collection other than those in the judicial sector. Legislation here is not simply a precursor and adjunct to the media component of an anticorruption campaign, but stands on its own as an indicator of a problem area that will be rectified. It will be shown in Chapter Four that the initial public statements about the 1993 campaign that set the targets and focus for the campaign list both the serious problems in the judicial sector and the less serious problem of widespread collection of illegal fees together. But for each problem the strategy was different: judicial corruption was handled by both legislation and media cases that highlighted personal cases, whereas illegal fee collection was handled through legislation and general (less personalised) media coverage. This indicates the primary concern of the PRC authorities is the image of the judicial sector. All sectors of Chinese society are concerned both about judicial honesty and illegal fee collections, so why target only the judicial sector for a high profile, personalised media campaign? We will look further at this question in Chapter Five.

Apart from the above mentioned legislation there also emerged a preponderance of rules dealing with very specific economic crimes. Regulations address the sale and subscription of shares, securities fraud, control of commodity prices, the strengthening of anti-graft work among Party members under the auspices of MOFERT (Ministry of Foreign Economic Relations and Trade), and still more regulations about the acceptance of gifts

¹³ *Renmin Ribao*, 9 Nov. 1993, p.2.

in external business activities. So economic crime in problem areas, and yet again in foreign related activities are targeted.

After the Campaign

Subsequent regulations during 1994/95 (which are strictly outside the scope of this study) continued this trend with more specific rules pertaining to the forging, reselling and stealing of receipts¹⁴, a registration system for gifts accepted by Party and State personnel, prohibitions against MOFERT personnel attending banquets that may create a conflict of interest for them, and the same personnel prohibited from using public funds to attend entertainment activities.

Many of these regulations repeat earlier injunctions. But one new regulation, which was much debated, is the *Declaration of Income by Leading Cadres of Party and Government Authorities Above the County (Departmental) Level, Provisions* (30 April 1995, CDIC and Ministry of Supervision). Relevant personnel must declare, twice a year, their income derived from all sources including wages, bonuses, allowances, subsidies, welfare payments, as well as income derived from providing labour services such as information, teaching, writing, proofreading, painting, calligraphy, business contracting and leasing.¹⁵ This regulation is intended to reveal discrepancies between declared income and lifestyle, and it is more specific in listing the problem areas than the earlier 21 January 1988 *Supplementary Provisions*.

This *Declaration of Income* regulation was preceded by much discussion among the relevant authorities on how to strengthen the legislation to keep officials honest. One study from the General Office of the NPC suggests two main legislative methods:¹⁶ firstly, establish a property declaration system for state employees; secondly, establish a

¹⁴ See "Appendix" of this study, 3 June 1994 document. The regulation covers VAT receipts, the manufacture of illegal chops and seals, and forged income receipts.

¹⁵ *China Law and Practice*, 11 August 1995, p.4.

¹⁶ Cai Dingjian, "Lun Jiaqiang Wo Guo de Lian Zheng Lifa", *Faxue Yanjiu*, 2, 1990, pp.11-15.

code of behaviour for state employees covering all permissible privileges such as facilities, car usage, wages, subsidies, relationships with previous *danwei*, and a call to make all prices and procedures public.

Suggested political mechanisms from the same author are: firstly, establish an "honest government committee" in the NPC and secondly, establish "honest government, discipline, morality, and supervision committees" in departments such as industry/commerce, taxation, customs, the PSB, financial organs, economic planning, and goods and materials.

Of all these suggestions, the only one that made it to the legislation books as far as we know is the suggestion for state employees to declare their income. This obviously indicates reticence on the part of the authorities to give much ground on the subject of legislation to keep officials honest.

Thus, in legislative terms, the changes reveal the following:

- ♦ There is a continued trend to make the legislation clearer and more specific as standards by which to accuse offenders, but pertinent suggestions for improvement have been ignored.
- ♦ Legislation is used as a method of revealing problem areas of concern to the authorities.
- ♦ It is a means of placating popular resentment.
- ♦ It may signal the focus of an anticorruption campaign.
- ♦ Some steps have been taken to enable leading officials to be punished more severely.

The significance of legislative changes cannot be determined in isolation from the media cases that form part of the campaign so we will reserve our interpretation of this part of the campaign until the end of Chapter Four.

CHAPTER FOUR - THE MEDIA PROFILE OF THE 1993 CAMPAIGN

A Note on Sources

Accounts of publicised cases used in this chapter are drawn from two main sources. The first is the journal *Minzhu Yu Fazhi* (Democracy and Law), published by the China Law Society. The journal is non-academic and is aimed at a general readership. Cases that were publicised in its *fanfu changlian* (oppose corruption advocate honesty) section every month were surveyed for their suitability as material. If the case was a large one, involving a high ranking official or a sensitive area, then it was included. Many of these cases also appeared in a bound collection of cases published by the Economic Management Publishing Society in September 1993 at the height of the campaign, *Lijian Feiyang* (21 ge da'an yao'an) (Sharp Swords Fly - 21 big and important cases). Cases that appeared in both sources are included together with other relevant material. These primary sources are supplemented with reports from English language material such as Foreign Broadcast Information Service's China Daily Report. For further collections of Chinese language cases see:

- ♦ Yang Zhenxia, (Ed), *Fan Tanwu Huilu Wen Ji*, Zhongguo Jianchayuan Chubanshe, 1990.
- ♦ Li Wei & Hu Shiwan, *Gongheguo Dao Xia Tan Guan Pu*, Tuanjie Chubanshe, 1993.

The Launch of the 1993 Campaign

"Just like it takes more than one cold day for the river to freeze three feet deep, the problem of corruption has become so serious today because it has been brewing for quite a long time in the Chinese mainland".¹

Jiang Zemin effectively announced the start of the new campaign at the Second Plenary meeting of the CDIC (Central Discipline Inspection Committee) on 21 August 1993.² He described the anticorruption struggle as a major political assignment that must be firmly accomplished, and he exhorted the CDIC to achieve noticeable results in the near future. The anticorruption struggle was described as essential for ensuring the smooth progress of reform, opening up, and economic construction. Jiang claimed that the majority of party members and cadres are honest in performing their duties, but he also acknowledged that in some respects corruption was growing and spreading.

Jiang stated that the anticorruption campaign was to focus on three aspects: firstly, leading cadres, especially those at ministerial and provincial level; secondly, major cases, especially those involving leading departments, the judiciary, administrative law enforcement organs, and economic management departments; thirdly, conspicuous problems in local areas, with a special part of the anticorruption campaign to be aimed at the eradication of indiscriminate fee collecting by state organs. As we noted in Chapter Three, two new directions were signalled by legislative changes: in the judicial sector and in indiscriminate fee collection. The judicial sector, in particular, has been singled out as is shown by the issuance of the Ministry of Justice Circular (see p.50) in July 1993 just

¹ *Zhongguo Tongxun She* in Chinese 0839 GMT 1 September 1993, in FBIS, CDR, 2 September 1993, p.27.

² Jiang's speech to the Second Plenary Session of the CDIC meeting on 21 August 1993, in *Jiandingbuyi Fanfubai* (Firmly Oppose Corruption), Zhonggong Zhongyang Jilu Jiancha Weiyuanhui Yanjiushi (CDIC Research Room), September 1993, pp.7-15.

before the official commencement of the campaign. Thus we expect a large part of the campaign to deal with problems in this sector.

We will now turn to the Procuratorate reports of 1993 to ascertain the number of reported cases of corruption with which the state was faced at the time. The material refers to 1992 thus provides background information for the 1993 campaign.

The Supreme Procuratorate's Work Report to the NPC in April 1993 presents figures that cover the whole period from 1988 to 1992, making it difficult to see the annual changes, but the figures can help locate the broad trend.³ During this period the procuratorial organs across China placed 214,318 corruption and bribery cases on file for investigation. Of these, 49,122 were major cases involving over 10,000 yuan. The portion that belongs to 1992 is not detailed in this source but the Procuratorial Yearbook for 1993 places the number of major cases involving over 10,000 yuan at 10,511 for the year of 1992.⁴ The Supreme People's Procuratorate Work Report to the NPC in March 1994 states that for 1993 there were 30,877 corruption and bribery cases put on file with 13,148 cases involving amounts of 10,000 to 100,000 yuan, and a further 1089 cases involving amounts over 100,000 yuan.⁵ This represents an increase of 25% from 1992 to 1993, which together with the introduction of larger brackets of money involved, reveals a serious problem given that an anticorruption campaign was launched during this time. The Supreme People's Procuratorate admits on its own figures that the number of big cases had increased from 1992 to 1993, together with the number of cadres at county level or above involved in such cases.⁶

These figures for 1993 could bear two contradictory interpretations:

³ *Zhonghua Renmin Gongheguo Zuigao Renmin Jianchayuan Gongbao* no.1 1993, pp.12-17.

⁴ *Zhongguo Jiancha Nianjian* 1993, p.161.

⁵ *Zhonghua Renmin Gongheguo Zuigao Renmin Jianchayuan Gongbao*, no.1 1994, pp.5-13.

⁶ *Zhonghua Renmin Gongheguo Zuigao Renmin Jianchayuan Gongbao*, no.1 1994, p.6.

- ♦ The anticorruption campaign was a huge success and this is reflected in the increase in the number of cases accepted for investigation by the procuratorate, or,
- ♦ The campaign was a spectacular failure as a means of controlling the problem because the figures increased *despite* the concurrent campaign.

This question can be solved by looking at figures for 1994. The Supreme People's Procuratorate Work Report to the NPC in March 1995 acknowledges a further increase of 34% of the number of cases of bribery and corruption filed across the country throughout 1994.⁷ The 1993 anticorruption campaign was at its peak during its first six months, that is from August 1993 to early 1994. If the figures cited for 1994 were to reflect the good results of the campaign we would expect them to slide down again during 1994, but in fact they increased. Thus, even in the wake of a campaign the situation deteriorated. This is nothing short of a major crisis for the Chinese state. Most importantly, the Chinese authorities made no claim for a huge success with the 1993 campaign and we can be confident that they would be quick to claim a triumph if at all possible. Chinese authorities claim modest success⁸ but not overwhelming success as the figures would indicate if they were to be interpreted positively. None of the restraining mechanisms are operating effectively.

Despite this obvious crisis, there were varied responses from Chinese officials and different sectors of the Chinese propaganda machine. Jiang Zemin claimed the majority of Party members and cadres are honest in performing their duties, whilst acknowledging that in some respects corruption is growing and spreading.⁹ The Chief Prosecutor, Zhang Siqing, expressed similar views¹⁰ and expanded on the problem areas by listing them:

1. The number of party and government functionaries involved in economic crimes continues to grow, and that among this group are senior cadres.

⁷ *Zhonghua Renmin Gongheguo Zuigao Renmin Jianchayuan Gongbao*, no.2 1995, p.22.

⁸ *Zhonghua Renmin Gongheguo Zuigao Renmin Jianchayuan Gongbao*, no.1 1994, p.8.

⁹ See *Jianding bu Yi Fanfubai*, p.8.

¹⁰ See *Renmin Ribao* 27 July 1993, p.4 and *Xinhua Domestic Service* in Chinese 0811 GMT 26 July 1993 in FBIS CDR 26 July 1993, pp.34-35.

2. Judicial and administrative law enforcement officers are committing serious crimes such as extortion, bribery, perverting justice for bribery purposes, favouritism, and fraudulent practices.
3. Crimes are industry-specific and there has been a shift in crime-prone areas.
4. Individually committed crimes are giving way to offences by groups.
5. The sums of money involved in crimes are increasing, as is the incidence of people absconding with stolen money.
6. Crimes now involve internal and external collusion and transcend regional, provincial and national boundaries.
7. New forms and methods of crime continue to emerge.
8. Tax evasion crimes and related issues are on the increase.
9. Crimes involving counterfeit trademarks and the production and sale of fake and inferior products has grown serious.

This extensive list indicates that not only is the actual number of people involved in crimes of bribery, corruption and other economic crimes on the increase, but that the sectors involved have changed and now involve sensitive areas such as law enforcement,¹¹ and most importantly, that the whole problem has blown up into quite a mess and one senses the loss of control by Central authorities. This view is supported by the comments from two high profile sources. Liang Guoqing, the Deputy Procurator-General of the Supreme People's Procuratorate, is more forthcoming on the depth of the problem than his immediate superior. Liang is quoted as saying:

Corruption such as graft and bribery is now worse than at any other period since New China was founded in 1949. It has spread into the party, government administrations and every part of society, including politics, economy, ideology and culture.¹²

¹¹ For further discussion on the characteristics of corruption see Ou Yangtao et al, "Dangqian Huilu Fanzui de Qingkuang, Tedian, Yuanyin ji Duice", *Faxue Yanjiu*, 2, 1990, pp.29-32.

¹² *Xinhua* in English 0724 GMT 27 August 1993 in FBIS CDR 27 August 1993 pp15-16.

Similar views are expressed by Hu Angang and Kang Xiaoguang of the Chinese Academy of Social Sciences National Conditions Analysis Group, who are quoted as writing:

If corruption occurs in certain departments, localities, and among certain cadres, we can regard the phenomenon as an isolated case and mainly adopt the method of fighting it morally, enforce the law on the very few corrupt officials, and make public several major and important cases to "send a warning to a hundred by executing one". Nevertheless, when corruption has become a common practice in society and people in the higher echelons and the lower levels are all seeking rent (*xun zu*), this shows there is big trouble with the existing structure which will foster and breed corrupt elements of all descriptions, major and minor. The exclusive use of "party discipline and state laws" against corruption is just like cutting the fragrant-flowered garlic, which grows thickly once its previous patches are cut. This being the case, it is necessary to eradicate the hotbeds and soil which breeds corruption with institutional upgrading.¹³

Hu and Kang are using the universality of corruption as an argument to support their push for institutional upgrading, by which they mean establishing a modern market economic system. They advocate the abolition of monopolies, two-track pricing systems, economic privileges, and excessive government intervention. They allude to institutionalised corruption rather than that which is limited to a certain sector or level of official or locality. This is a salient point and one which is in opposition to that of Jiang Zemin and Zhang Siqing. When assessing the 1993 anticorruption campaign overall, this is one of the questions we shall bear in mind. That is, does the handling of the campaign reveal a localised problem (either geographically, departmentally, or in rank of cadres) or does it reveal the institutionalised and general malaise referred to by Hu and Kang?

¹³ Hong Kong *Lien Ho Pao* in Chinese 22 February 1994 pp2,10 in FBIS CDR 2 March 1994 p.23.

The redoubtable Chen Yun also revealed cracks in the official position on corruption. Chen is reported to have made a report in April 1993 to the Central Committee and its Standing Committee on China's 7 major problems. The first two are quite revealing to our case here: firstly, Chen claims party style is corrupt and corroded; remedy and rectification are useless because corruption is in many departments and people not just a few. Secondly, Chen lists factionalism, localism, and departmentalism as serious problems.¹⁴ Localism is a serious hindrance to the effective implementation of anticorruption campaigns as groups of local officials band together and ignore or obstruct Central instructions. We noted in Chapter Two that factionalism is just as much a question of professional loyalty to the service as it is a question of political affiliation, so in spite of the probability that Chen is speaking from his factional point of view, it is a serious matter if such a high ranking official admits that the extent and nature of China's corruption problems are so serious that virtually nothing can be done to remedy the situation.

In contrast to Chen's position, Zhang Siqing advocates party-wide mobilisation, enlisting the joint efforts of all departments and business sectors, and applying educational, administrative, and legal means. He also admits that in the long term it will be necessary to deepen political reform¹⁵, a view that is akin to that of Hu and Kang but about which Jiang Zemin has said virtually nothing in the context of the fight against corruption.

The problems of factionalism, localism, and departmentalism are not new, of course, and much has been written about economic decentralisation, the concurrent loss of central political control, and tussles between the provinces and the centre to maintain autonomy. When economic crimes are of the extent and nature that the list on pp.57-8 indicates, it is clear that only strong central control has a chance of combating it. But to give the centre its due, it has constantly complained that one of the problems in the anticorruption fight

¹⁴ *Cheng Ming*, no. 188, 1 June 1993 p.20.

¹⁵ *Renmin Ribao*, 27 July 1993, p.4.

is that the provinces do not obey central instructions. The extent to which the anticorruption campaign is stymied by central/provincial antagonism is another question to bear in mind.

The problem of factionalism in the context of anticorruption campaigns was still prevalent during the early 1990's. The problem is that some Party members view anticorruption measures to be antagonistic to economic construction. There were clear indications that this split is serious, and that it has a direct effect on the success of the anticorruption measures. Official media articles made concerted efforts to convince readers that although the problem exists, it is under control. *Renmin Ribao* is quick to emphasise intra-party unity on the subject of the anticorruption campaign:

...the anticorruption struggle...enjoys the sincere support of comrades throughout the party and people throughout the country. The people are inspired and the trend is good.¹⁶

Beijing Review is quite defensive on the matter:

At present, the issue is far from being uncontrollable as some people have asserted, nor has it developed to an extent that would alter the nature of the Party and the government.¹⁷

This allusion to deep-seated trouble for the party and government is perhaps a rejoinder to Chen Yun's comments. It is a denial that's nearly as good as a concession and it is definitely more sombre in tone than warnings from the 1982 campaign which by and large simply stated that unchecked corruption could lead to the downfall of the government and the Party. The media cases discussed below will reveal that this more anxious position is justified in the light of the widespread problem in the judicial sector. The media statements referred to above are in the broad context of a discussion that links corruption to economic reform and opening up. Jiang Zemin is quoted as saying that

¹⁶ *Renmin Ribao*, 8 October 1993, pp.1,3.

¹⁷ *Beijing Review*, 33, 16-22 August 1993, pp.4-5.

cadres are to firmly persist in the party's basic line and that economic construction is the centrepiece. The point is that some cadres think economic construction should be allowed a free rein to the extent of ignoring corruption, but the official view, unchanged from the 1982 campaign, is that economic construction and anticorruption measures can exist side by side.

An article in the party magazine *Qiushi* about one month prior to the official commencement of the 1993 campaign offers another startling admission of intra-party disunity about the forthcoming campaign, admitting that there is no consensus that corruption needs to be dealt with seriously:

The crucial thing now is to reach a common understanding and for the whole Party to take solid actions to carry through this policy. The anticorruption drive should not remain only something in the documents or to be paid lip service to. Rather, it should be implemented with solid actions. As a matter of fact, we have not gone too far in implementing this drive; on the contrary, what we have done is rather inadequate. It should be noted that we are far from containing unhealthy tendencies and corruption.¹⁸

Furthermore, a frank admission that even "unhealthy tendencies" (a phrase reminiscent of the 1982 campaign) have not been controlled is a clear admission of failure in anticorruption efforts during most of the reform era.

Parallels are drawn between the corruption that characterised the last days of the Guomindang and the corruption that characterises contemporary China. Even official publicity is allowing the comparison. The first case in the book of *Lijian Feiyang - 21 Da'an Yao'an* is completed by reference to the Guomindang and how it was corruption that brought them down at the hands of the CCP.¹⁹ The CCP was rhetorically asked in

¹⁸ Hou Zongbin, "Lizhi-qizhuang Fanfubai - Baozheng Shehuizhuyi Shichang Jingji Jiankang Fazhan", *Qiushi*, 14, 16 July 1993, p.11.

¹⁹ *Lijian Feiyang - 21 Da'an Yao'an* pp.9-10.

1949, "Will you be corrupt and rotten after 30 or 40 years?" to which the party responded, of course, by declaring that even 50 or 60 years would not see them fall from grace. Deng Xiaoping is then quoted at the PRC's 40th anniversary celebrations as saying, "We must clean up corruption and be honest, there is no room for compromise!" Clearly the situation has finally reached the stage of life and death but still the political resolve is diluted by other considerations.

The *Qiushi* article continues on to list the criteria by which anticorruption policies will be formulated: developing productive forces, increasing the overall strength of the country, and improving people's living standards. It is made clear that corruption cases will not be dealt with from a simplistic and uniform standpoint, but rather that they will be dealt with as corruption *only after being tested against the following criteria*:

1. motives: is the motive economic development or personal gain?
2. causes: are mistakes made as a result of unclear policy or inexperience, or of abusing power for personal gain?
3. means: are the means adopted fair and legitimate or are they fraudulent, deceptive, etc.?
4. results: did the events contribute to reform or cause disruption and destruction?²⁰

These criteria indicate that a systematic elimination of financial irregularities is not what the Chinese leaders are proposing, but rather that economic expediency will be the primary benchmark. This policy is, of course, a continuation of that which was in place for the 1982 campaign. Economic construction and anticorruption measures can co-exist by assessing corrupt acts by these criteria. The criteria are almost a defence of corruption. How is an act to be judged, for example, if the defence is "I only took the bribe for the good of the economy, and nobody told me it was wrong to sell exit permits; it didn't result in huge losses for the state but rather kept the wheels of industry turning"? This article is politely saying that there will not be an uncontrolled clamp down on corrupt activities, but only on ones that are totally indefensible. Pragmatism has been a

²⁰ *Qiushi*, 14, 16 July 1993, p.13.

widely observed feature of Deng's influence on reform era China, but Deng's pragmatism was not without political standards. The situation at the start of the 1993 anticorruption campaign had progressed to the stage where even political orthodoxy is a declining factor; the four cardinal principles have not been mentioned for a while now. They have been replaced by a broad exhortation to adhere to the party's basic line and focus on economic construction.

The extent to which the views expressed in this *Qiushi* article legitimise corruption is the extent to which the views are a challenge to the implementation of the anticorruption campaign. How can a campaign be implemented with these "brakes" in place? To some extent this paradox can be mitigated by further legislation, to make it clear, for example, what the relevant policies and permitted actions are. This did occur as part of the 1993 campaign, especially in the area of illegal fee collection. One case we will look at involves a provincial level PSB Head who began selling exit permits as a means of fund raising for his cash strapped department. With the unambiguous prohibition of such activities in the form of new legislation (see Chapter Three), such acts became illegal. At first the official put the money into departmental coffers, which by the criteria listed above would probably not render him liable for prosecution, but he eventually began to put the money into his own pocket and it was at this point that he was charged. This is one of the main purposes of the media cases publicised during a campaign; that is, to educate people on the finer points of interpreting the laws.

The features of the 1993 campaign are as follows:

- ♦ the targets were leading cadres, law enforcement organs, and particular problems in local areas such as indiscriminate fee collection.
- ♦ scientific and technological personnel were to be treated leniently due to their contribution to modernisation.²¹

²¹ *Zhongguo Jiancha Nianjian 1993*, p.162. See also *Liaowang Overseas Edition*, no.8, 22 February 1993, p.4.

- ♦ the military was not to be included in the general anticorruption campaign but would conduct its own campaign.
- ♦ results were expected before the end of 1993.
- ♦ work teams and investigation teams would be sent to certain provinces or departments²²

Many of these actions are reminiscent of Maoist style campaigns, but they also reveal a loss of control over the situation. If the Centre has to send out special work and investigation teams to the provinces and certain departments, then this reveals a distinct lack of confidence in the said provinces' and departments' willingness to follow Central instructions.²³

The ban on reporting corruption in the PLA is not an officially stated feature of the anticorruption campaign, but judging from the publicised cases one is meant to infer that the PLA by and large are uncorrupted. Among the cases surveyed for this study there are no cases of PLA personnel at any level reported as being involved in corruption. It is understood that the anticorruption campaign was also carried out within the PLA but there was no publicity about the results. Given the generally high level of sensitivity about the PLA's public image this is not surprising. Hong Kong's seemingly well connected reporter on Chinese affairs, Willy Wo-lap Lam, reported that the media had been officially discouraged from reporting on corruption in the military in an attempt to both protect the army's image and shore up its internal morale.²⁴ Lam claims that at least 10 officers with the rank of major-general or above came under investigation, some of whom were supposedly involved in the smuggling of cars and other expensive items along the coast. As there are no public, official statements about corruption in the

²² *Cheng Ming*, no.193, 1 November 1993, p.28

²³ Kevin J. O'Brien, *Reform Without Liberalization* (Cambridge Uni. Press) 1990, pp.165-168 discusses the role of NPC deputies in inspection tours as being to provide feedback to the centre and to ensure local compliance with central instructions. We can assume a similar role for inspection teams in the anticorruption campaigns.

²⁴ Hong Kong *South China Morning Post* in English 29 December 1993 p.8 in FBIS CDR 29 December 1993 pp.34-35.

military at all, it is difficult to settle the point, but given that the publicity is carefully chosen and regulated it would seem that the military are either uncorrupted (an unlikely situation) or the level of corruption within it is secret.

The specific targets of leading cadres, law enforcement organs, and indiscriminate fee collection *appear* to be designed to placate popular resentment and boost party authority, but we shall see below that there were other considerations as well. Of the cases uncovered during the 1993 campaign, the official claim is that 80% were discovered as a result of a tip-off by the public;²⁵ it is thus reasonable to assume that the targets reflect these problem areas. This also implies that most of these cases will be in publicly visible sectors simply because that is what most people experience. For example, as most people will have experienced indiscriminate fee collection by the Railway or Post and Telecommunications Bureau, many of the cases of economic crime reported to the crime reporting centres will be in these areas. Indiscriminate fee collection is thus targeted by the campaign. But, as we noted previously, this does not mean that most publicised cases of the campaign reflect these areas. The problem of illegal fee collection was approached mainly from the legislative angle, which at face value indicates the authorities were not overly concerned about their public image in handling this particular problem. Problems in the law enforcement sector were handled by both legislation and media publicity, revealing a concern with the leadership's image of control over this crucial sector. More will be said about this in Chapter Five.

The problem in the law enforcement organs of the courts, procuratorate, and public security is potentially a hazardous and extremely destabilising situation for both central authority and the local population. It was this very problem that precipitated a firm resolve in Hong Kong during the early 1970's to clean up the police force.²⁶ The alternative was public outrage and political instability.

²⁵ *China Daily*, 20 January 1994, p.3 in FBIS CDR 24 January 1994, p.31.

²⁶ See D. Clark, "A Community Relations Approach to Corruption: the Case of Hong Kong", *Corruption and Reform*, 2, 1987, pp.235-257.

The Hong Kong press makes some interesting and staggering claims about the mainland Public Security system.²⁷ For example, it is claimed that in Guangdong Province it is common practice to release prisoners before the term is complete upon payment of a requested fee and there is a sliding scale according to the length of the prison term and the number of years of early release. It is claimed that overcrowding in the prisons gave rise to this practice. Similar claims are made about prisons in Sichuan, Guizhou, and Jiangxi Provinces.

As part of the anticorruption campaign the Finance Ministry and the State Planning Commission cancelled a series of fees that had hitherto been widely collected but not actually authorised.²⁸ Among the now cancelled fees of the Public Security Bureau there are the following: fees charged for screening and allowing the opening of special businesses; fees charged for translating entry and exit documents into foreign languages and for stamping and verifying those documents; fees charged for providing consultation services on exit documents; fees charged for forwarding, screening, and approving exit documents and for giving relevant notices; fees charged for handling minor and ordinary traffic accidents, and so on.

Fees for early release from prison are not mentioned, but they are covered by the Ministry of Justice circular (July 1993) examined in Chapter Three. Part of this issue indicates the practical problems facing a cash-strapped public system in the midst of enormous change, but the major part illustrates the interaction between law and media in this campaign. When it comes to the heads of law enforcement organs, they are forbidden to receive remuneration beyond their legitimate income, and PSB personnel are not to use their positions to collect charges or raise funds under any pretext. If there is any doubt as to what this means, or any confusion as to the limits of legality, then the reader should pay attention to some of the big cases that were publicised during the 1993 campaign.

²⁷ *Cheng Ming* no.193, 1 November 1993, pp.28-29.

²⁸ For the complete list see *Renmin Ribao*, 9 Nov. 1993, p.2.

Law Enforcement

The head of Guizhou Province Public Security Bureau was one of these big cases.²⁹ (This is the case referred to above on p.64) His fall from grace reportedly began with the practical problem of extremely limited funds on which to manage his bureau. Facilities and equipment all cost money that the bureau did not have. Understandably, this is more of a headache for the Head of the Bureau than the foot soldiers. This official, Guo Zhengmin, began to accept extra fees in exchange for providing entry/exit certificates for Hong Kong and Macau to a certain party. One thing led to another, and money that at first went into the PSB coffers began to go into Guo's pockets. For this crime of bribery he was eventually caught and prosecuted.

This is an interesting case because it illustrates the important point about motive; that is, the desire for personal gain will land one in trouble, while contributing to the state coffers as Guo did at first will be dealt with as not quite legal, but not criminal. The situation of the early releases from prison is no doubt similar. If it is done because policy does not stipulate the practice as illegal, and if it is done relatively openly, and if the end result is a significant contribution to the economy, then the practice may not be prosecuted criminally. The criteria on page 63 above indicate that Guo's situation at the outset of the scheme was not illegal because it contributed to economic development, but once he began to do it for personal gain it became bribery; a criminal offence. But the official cancellation of unauthorised fees relating to screening of exit documents now renders the practice of the Guizhou PSB as illegal in any event. The Guizhou PSB began this practice in October 1992, thus it may have been tolerated until the official cancellation of such fees in November 1993 as part of the anticorruption campaign. This supposition is supported by the date when investigation into Guo's case appears to have commenced: December 1993.

²⁹

For an account of this case see *Minzhu Yu Fazhi*, 6, 1994, pp.14-16.

Part of this campaign was aimed at clarifying the limits of legal methods of fund raising. The cash-strapped economy that left public service departments with many practical problems was not alleviated by the official cancellation of the extensive range of fees in the Ministry of Finance's circular. It does not appear that the government offered any alternative income to the departments that would be affected by the fees circular, that is, the PSB, Labour, Personnel, Railways, Transportation, Posts and Telecommunications, Banking, and Civil Aviation Departments. Many of the fees listed were garnered from ordinary people, not other departments or big business. Their cancellation would thus appear to be confidence-buying on the part of the central authorities. But singling out the PSB for media attention also reveals a concern with the loss of central control in this very sensitive sector.

Another major case publicised during the 1993 campaign that tells the other side of stories such as Guo Zhengmin's is that of a Qinghai *laogai* cadre, Qi, who demanded bribes from his prisoners. This story³⁰ relates how Qi was in charge of a *laogai* team in Qinghai Province from 1986 to 1991 when he promised 50 or more prisoners early release on parole or lighter duties in exchange for money. The story lists seven individual prisoners from whom Qi extorted bribes. Usually the scenario went like this: The criminal or a relative of the criminal would approach Qi and ask for lighter duties or some other favour. Qi would respond by openly demanding a fee for the service, which was paid either in cash or goods such as eggs, wine, cigarettes, or a combination. Qi would then promise that in a year or so the prisoner's term would be reduced. When the time rolled around the prisoner would remind Qi of the promise and Qi would simply say, "Your sentence is not long, just get on with it!" thereby breaking the agreement. In a couple of the reported cases Qi kept his word in whole or in part, but mostly he took the money and goods, demanded more and more, and delivered nothing.

Qi was sentenced in December 1992, some ten months before his case was given national publicity. The case was probably chosen as a clear illustration of what is not tolerated in

³⁰ Lijian Feiyang - 21 Da'an Yao'an, pp.178-185.

terms of fund raising. Qi was obviously in it only for himself, he had abused the power of his position and had used unfair methods.

Another big problem case in public security that arose during this campaign relates to the Head of Huizhou City Public Security Bureau in Guangdong Province (cited at the beginning of this paper). In this case, no argument can be made that his fee collecting was illegal but not criminal. Hong Yonglin, as head of the bureau, persistently, and despite warnings, registered cars that had been smuggled into China by criminals. In addition to this, Hong also ratified numerous illegal exit documents for people to settle in Hong Kong.³¹ Hong was approached by a car smuggler to register the smuggled cars in exchange for money. Hong did so by instructing the deputy head of the section concerned to do the appropriate paperwork. The deputy reportedly refused at first, but under threats of job loss from Hong, he gave in and registered the vehicles.

Hong's case is presented, it would seem, partly to illustrate the shift from individually committed crimes to gang-based offences. Repeated reference is made to the fact that Hong knew the cars were smuggled into the PRC in the first place, and that he ignored this to collude with the smugglers in exchange for cash and goods. Hong received goods and cash of over 370,000 yuan, over HK\$990,000, and bribes worth over 600,000 yuan. He also had more than 780,000 yuan and HK\$1.42 million of unknown origins. Clearly, Hong was in it for the profits.

The presentation of Hong's case, and also that of Guo Zhengmin and other law enforcement officials, emphasises the abuse of official power for personal gain. The mutual obligation between the parties seems to be based purely on financial considerations. This represents a shift towards financial profit as the driving force behind bribery and corruption, in contrast to the traditional list of explanations for corruption in

³¹ For an account of this case see *Minzhu Yu Fazhi*, 11, 1993, pp.10-11, or *Lijian Feiyang - 21 Da'an Yao'an*, pp.36-47, or *Xinhua Domestic Service* in Chinese 0215 GMT 7 September 1993 in FBIS CDR 9 September 1993, p.55. Hong's case was widely publicised so we can assume its message is central to the campaign.

the PRC. Studies on the causes of corruption in the PRC usually cover issues like culture, *guanxi*, psychological factors, and socialist system factors. Most popular in recent years are the systemic factors such as the mix of old and new systems, differential access to power, and the second economy theory to cope with poor quality and insufficient goods.³² It is not relevant to our case to argue against these explanations here. Undoubtedly a mix of these factors play a part, but the point here is that the handling of the publicity of these cases in the 1993 anticorruption campaign is not saying anything about these factors. What it is saying, loudly and clearly, is that officials abuse their power for personal gain. This is in contrast to the 1982 campaign which was dominated by the phrases "unhealthy tendencies" and *houmen*, thereby setting up a more traditional driving force for corrupt activities.

By stressing abuse of power for personal gain in law enforcement, the official message is putting the driving force closer to financial profit as was the case in the Hong Kong police force of the early 1970's just before the ICAC was strengthened. Peter N.S. Lee has shown that police corruption in Hong Kong was not a result of excessive demand and scarce supply of a service, but rather was an entrepreneurial activity that rationally balanced economic incentive and legal risk.³³ The activities of Guo, Hong, and the numerous other law enforcement cases that were publicised during this campaign are clearly of this nature. The nature of police work lends itself to corrupt activities because of the monopoly it has in the field of public regulation.

Lee asserts that the political modernisation of Hong Kong in the early 1970's gave rise to an expanded scope of regulatory control over many new dimensions of urban life. This in turn provided many more opportunities for corrupt activities by the police. On this evidence, it would seem that further institutional or political modernisation in the PRC is

³² For a comprehensive and succinct treatment of the contending theories of corruption see Leslie Holmes, *The End of Communist Power*, Melbourne Uni. Press, 1993, pp.158-196.

³³ Peter N.S. Lee, "The Causes and Effects of Police Corruption: A Case in Political Modernization" in Rance P.L Lee, (Ed), *Corruption and its Control in Hong Kong*, Chinese Uni. of H.K. Press, 1981, p.182.

unlikely to curb corruption in the law enforcement area, but on the contrary may well contribute to its rise. If political modernisation were to proceed to the point where people could travel in and out of the PRC freely, this would remove one of the main opportunities for corruption in the law enforcement sector, but most likely others would arise. This is not to ignore the fact that institutional modernisation may be able to curb corruption in other sectors.

Hu Angang and Kang Xiaoguang expand at length on the characteristics of China's "special interest groups",³⁴ and are also of the view that such groups are profit-sharing in nature. They claim that the role of the political party has weakened during the reform era while there has been a corresponding power shift to special interest groups.

The *Minzhu Yu Fazhi* report of Hong Yonglin lists four points to ponder about Hong's case, the first of which is that the principles of economic life cannot be transferred to political life. By this is meant that in economics an equal exchange takes place; goods for goods. But this principle cannot be applied to political life; that is, political power should not be exchanged for its apparent equal value of money or goods. Although this is a strange or quaint way of describing bribery, it supports the interpretation that financial considerations are the driving force in corruption in the law enforcement sector, rather than the traditional cause of *guanxi*.

There are numerous other cases that illustrate the abuse of power in the law enforcement sector. A county level magistrate from Gansu Province and his deputy were arrested on bribery charges.³⁵ The magistrate had used his position to illegally authorise a certain party to dig a private gold mine in the collective mining zone of Shuanglong Gold Mine. The deputy had used his position to define mining sections according to the wishes of certain parties who supplied him with cash, gold, cigarettes and liquor.

³⁴ See Note 13 above.

³⁵ *Lanzhou Gansu People's Radio Network* in Mandarin 2300 GMT 29 June 1993 in FBIS CDR 7 July 1993 p.52.

Three corrupt passport officers working with the Beijing PSB on airport duties are reported to have colluded with unemployed persons to put chops on counterfeit travel documents for 120 illegally departing persons. The income for three years work in this field was a total of 1,601,800 yuan split three ways.³⁶

Another of the main messages from this campaign is that there are a few bad apples in the law enforcement sector but the authorities are dealing with them successfully. Two examples given in one section are as follows:³⁷

- ♦ A deputy county level PSB official from Fujian Province was arrested on charges of receiving bribes to pervert the course of justice.
- ♦ The son of the office head from a county Public Finance Department found himself in court on charges of hooliganism. The head of the county law court, Liu, after receiving requests from the other party, asked the magistrate in charge of the hooligan's fate to go easy on him because his dad was in the Public Finance Department and they could all benefit from his *guanxi*.

This section in *Minzhu Yu Fazhi* relates several other similar cases and then summarises them by saying that these cases illustrate clearly that in the judicature there are only a few black sheep and that most officials are honest.

The case of Chen Zhiwen, chief procurator of the Changping County People's Procuratorate, was publicised as an important case requiring thorough exposure to the public.³⁸ Chen colluded with Xu Junling, general office head at Changping County People's Procuratorate, to use their posts and make use of their positions to demand bribes. Chen exploited the handling of a case of bribery related to a person named Liu, who served as chief of the production section of Hongye Steel Plant under the Shoudu Iron and Steel Works. In return for going easy on Liu, it seems that Chen was able to convince the criminal to supply him with 50 tonnes of steel, which Chen then passed to a

³⁶ *Fazhi Ribao*, 4 December 1993, p.1, in FBIS CDR 16 December 1993, p.18.

³⁷ *Minzhu Yu Fazhi*, 5 1994, p.12.

³⁸ *Minzhu Yu Fazhi*, 1 1994, pp.20-21. See also *Beijing Ribao*, 28 Oct 1993, p.1 in FBIS CDR 10 November 1993, p.52.

production unit of the county military department. The manager of the production unit resold the steel and gave Chen 10,000 yuan and Xu 3,000 yuan for their assistance in the project.

Chen and Xu continued to seek bribes in a variety of ways, including using police cars and resources to recover debts for a certain Mr Zhang, manager of the County Decoration Corporation. In return, Chen had his home redecorated. These incidences of Chen's corrupt activities emphasise his personal profit at the expense of others. The aforementioned steel was in fact destined for use by the County Procuratorate housing construction department to build houses for the workers, so Chen's actions are particularly predatory. The message is clear: self serving officials are not to be tolerated. If Chen had manipulated his contacts to obtain the steel for the legitimate use of the housing construction office, the incident may not have been treated as criminal, but this is a type of incident about which we can only speculate based on the campaign's declared policies, because the only cases that are publicised are officially sanctioned ones.

The importance of satisfactory living standards for workers to the effective operation of the workplace has been shown by Andrew G. Walder. In particular, the delicate relationship between housing allocation and worker cooperation is indicated by one of Walder's interviewees, who relates that a corrupt allocation of housing in a work unit led to the following situation:

When the drivers heard about this, there were about three days or so when no work was done at all. The unit was thrown into confusion. Everybody did nothing except talk about the housing decisions, from the top of the unit to the bottom. After I left, the unit began to lose money for the first time, and I think this was mainly because of the cadres' workstyle problem and the workers' anger about it.³⁹

³⁹ Interview no. 140 in Andrew G. Walder, "Workers, Managers and the State: The Reform Era and the Political Crisis of 1989", *The China Quarterly*, no.127, September 1991, pp.481-482. See also Anita Chan, "Revolution or Corporatism? Workers and Trade Unions In Post-Mao China", *Australian Journal of Chinese Affairs*, 29, January

Publicising a case about a corrupt procurator, Chen Zhiwen, whose corrupt actions directly impinged upon workers' housing conditions, emphasises not only the problems in the law enforcement sector but also highlights that the central authorities want to appear to be concerned about the plight of ordinary workers.

The legislative changes during the 1980's (see Chapter Three) have made it clear that large commissions and kickbacks of any kind are illegal, even if they contribute to the economy or collective welfare. Chen's case, and all the big cases publicised during the 1993 campaign, are cases of private gain at public expense. There are none that have exposed a case of collective gain at the expense of another sector, lending support to the view that this is one of the boundaries of the anticorruption campaign.

The final point that must be made about corruption in the law enforcement sector is that the only positive models of uncorrupted officials that we found publicised during this campaign are two officials in law enforcement, one a state employee and the other a Party official. Li Zhao is a procurator with the Beijing Municipal People's Procuratorate. His story emphasises how persistently honest and upright he is, and it immediately precedes the story of Chen, the corrupt procurator.⁴⁰ The arrangement of the material suggests that great care has been taken to emphasise the good personnel so as to dispel the popular suspicion that the entire law enforcement system is corrupt. When cases like this are read in conjunction with the issuance of the Ministry of Justice's Circular (see Chapter Three), it is clear that a serious attempt is being made to control corrupt activities in the law enforcement sector.

The second uncorrupted law enforcement hero is Jiang Rufeng, a county level Discipline Inspection Commission Secretary from Hebei Province.⁴¹ Jiang's story is presented in a similar fashion to that of Li Zhao. It emphasises his dedication to duty even when faced with a thorny problem that involved the local village party secretary, Zhang, who was

1993, pp.31-61, esp. p.55.

⁴⁰ *Minzhu Yu Fazhi*, 1 1994, pp.18-19.

⁴¹ *Minzhu Yu Fazhi*, 3 1994, pp.2-5.

accused by a villager of using violence to extort money and goods from the villagers. In retaliation, the villagers had banded together to attack Zhang with sticks and stones. Zhang then organised the county PSB to detain the villagers who were subjected to mistreatment with electric shock batons. The villagers complained to the Centre who acted quickly and set the new County DIC Secretary - Jiang - to work on the case.

Jiang was faced with a problem: if he accepted the case for investigation this implied the County had acted improperly and this was a difficult political issue. Nevertheless, Jiang pressed on because he remembered that his original intention was to serve the *laobaixing*. It was discovered that Zhang had collected illegal fees from the villagers and misappropriated public funds. He was expelled from the party and investigated by the economic investigation committee. Jiang thus becomes the embodiment of the laws against corruption and bribery; he is an illustration of what the laws mean; his case describes in detail what the legislation stipulates in brief and also what the Party policy statements mean when invoking the rhetoric of "serving the people".

This case highlights inevitable conflicts between party law enforcement officials and other ranking officials and some of the pressures that can be applied to pervert the course of justice. The outset of the story conversationally admits that it is easy to talk about punishing corrupt party personnel, but much more difficult to actually do it. Hence, the point of Jiang's story is that he succeeded at this extremely hazardous task. The value of Jiang's attitude and dedication to the common people is underlined. Also the fact that Central authorities acted quickly, and indeed that they had to intervene at all to overcome local resistance. The story appears to be reassurance and confidence-buying by central authorities. It also supports the Centre's claim that one of the main problems in anticorruption work is local resistance.

The fact that the write up of Jiang's profile allows for the admission that a local system can be entirely corrupt reveals several things about the institution of law enforcement. Firstly, that corrupt behaviour by the village party secretary and mistreatment of

detainees by the PSB had to be reported to the centre before satisfactory action was taken. Secondly, the mistreatment of detainees in this "typical " case is a revealing admission. Despite China's admission that such cases do occur but that steps have been taken against it,⁴² Amnesty International claims that torture in the PRC is the result of institutional practices found regularly in nearly all regions of China.⁴³ Jiang's case reveals a tightly woven web of relationships at the local level that are mutually self serving, protective, and defensive against attack, hence the significance of Jiang's attitude as he was the only one who remembered his role of service to the *laobaixing*. The extent of the relationships perhaps warrants the description of a corrupt system, in that these individuals as a whole *are* the law enforcement system. There was not merely one or two who were corrupt but all significantly powerful individuals within it. This brings us back to Hu Angang and Kang Xiaoguang with their theory of the corrupt institution. The official concern over the situation in the procuratorates was to be further highlighted in early 1995 with special laws introduced to attempt to ensure that procuratorate personnel act within the law.⁴⁴ Clearly the situation did not improve greatly between the 1993 campaign and 1995.

The third point revealed by this case is that there does not seem to be a safe method for complainants to register their case with the DICs anonymously, because when the villagers complained initially to Jiang the immediate result was further retaliatory violence from Zhang. This indicates that the system was not working properly. This county level DIC may not have had its anonymous telltale phone line, as has been the trend in major

⁴² *The Progress of Human Rights in China*, Information Office of the State Council of the PRC. Beijing, 1995, p.19.

⁴³ Amnesty International, *China - No One is Safe*, 1996, p.68 describes a climate in which beatings at the Wuhan City's police stations were so common that victims did not think to complain about it and procurators did not think it worth investigating. See also p.65 for regions of China from which A.I. has received allegations of torture.

⁴⁴ "PRC Law on Procurators", *Zhonghua Renmin Gongheguo Zuigao Jianchayuan Gongbao*, no.1 1995, pp.9-15. Procurators are exhorted to "serve the people", they must not bend the laws to benefit friends or family, they must have good political and professional quality, and they are not permitted to be a procurator if they have received penalties for their crimes or have been dismissed from office.

towns and cities, but the fact is that the system failed the villager who complained - he was beaten twice as badly for his efforts by Zhang.

Finally, this case acknowledges the morally difficult position of the DIC inspectors in that they are required to treat fellow party personnel as criminals. This raises the question of the effectiveness of the DIC as a party body whose purpose is to keep party personnel in line. A body that is independent of party control would probably have more success at this, but such a body cannot exist in the PRC, thus we are back to a corrupt system. The endemic corruption in the Hong Kong police force was only overcome by the establishment of a genuinely independent ICAC that reported directly to a governor who had the political will to act against the police force. Although it has been reported that the PRC and Hong Kong have cooperated in anticorruption training,⁴⁵ this appears to be aimed more at cooperation to deal with individual cases involving both Hong Kong and the PRC.⁴⁶ There is no evidence that any systemic changes have taken place in the PRC law enforcement sector.

One of the common (quasi-corrupt) practices among law enforcement agencies that is not directly handled in the anticorruption campaign is the practice of substituting administrative sanctions for criminal punishments in cases of economic crime. Overcoming this practice was a special task for the Procuratorate in 1993.⁴⁷ We say this is quasi-corrupt because research from the Legal Research Institute of the Chinese Academy of Social Sciences lists seven reasons for this practice, only two of which could be regarded as corrupt.⁴⁸

⁴⁵ Hong Kong *South China Morning Post* in English 10 May 1993, p5, in FBIS CDR 10 May 1993, p.61.

⁴⁶ Supreme People's Procuratorate Work Report to NPC, 22 March 1993, *Zhonghua Renmin Gongheguo Zuigao Renmin Jianchayuan Gongbao* no.1 1993, p.15.

⁴⁷ *Zhonghua Renmin Gongheguo Zuigao Renmin Jianchayuan Gongbao*, no.1, 1994, pp.5-13.

⁴⁸ Chen Zexian, "Jingji Zuian Zhong 'Yi Fa Dai Xing' de Chengyin Ji Duice", *Faxue Yanjiu*, 3, 1990, pp.51-56.

- ♦ law enforcement organs take their own economic benefit into account and accept fees to go slow on a case or move it backwards in the queue
- ♦ local protectionism
- ♦ law enforcement disputes are unable to get timely and appropriate handling because the system is inefficient or else they are dealt with quickly and shoddily
- ♦ certain jurisdictional limits are inappropriate or unclear, for example, those between smuggling, speculation, and bribery/corruption, thus it is often easier to give an administrative punishment because that is clear and easy
- ♦ there is a low level of education among law enforcement personnel, and some of these people find it easier to give an administrative punishment
- ♦ some personnel do not want to add to the already bad reputation among law enforcement personnel so they give a lighter punishment, and
- ♦ the standards for registering some criminal cases are low and this causes difficulties in handling the case.

This list indicates the complex nature of some corrupt acts in the PRC and gives some indication as to the thinking behind the motive/causes/means/results matrix. Determining an act of corruption is not a straightforward process. When the system is clogged up with public order disputes and a customs agency has a case that needs investigating and resolving, it is often easier for the customs agency to deliver an administrative punishment than let the offender disappear before the case can be fully investigated and a suitable criminal punishment delivered. It may be that many of the cases of reported corruption have some of the above circumstances at their core. This is not to excuse corruption, but simply to say that reported cases may only be accounting for the two dimensional view.

The author of the article has six recommendations to make in response to the problem:

- ♦ safeguard necessary judicial expenses, and if necessary fund the judicial departments from Central Committee funds (hopefully this recommendation is based on knowledge of Central Committee funds and not on the aim of deepening Party control over judicial organs!)

- ♦ perfect the system of leadership among law enforcement organs by establishing a more integrated system; currently each level only receives leaders from its own level in other organs, but what is needed is for upper levels to relate to lower levels in different organs
- ♦ establish a law enforcement dispute mediation and arbitration system; local Party leaders used to mediate but this has had little effect, says the author, instead he advocates the use of local NPC's as mediation/arbitration personnel
- ♦ perfect the jurisdiction limits of crimes and consider new ways of handling smuggling; for instance, many countries allow their customs agencies criminal jurisdiction over smuggling, so if the PRC was to adopt this approach the Procuratorate could still be given the power to check up on the customs agencies
- ♦ increase professionalism and raise law enforcement standards, and
- ♦ strengthen legal supervision over law enforcement departments by appointing special people from the NPC to carry out this task.

The Financial Sector

"The Huge Financial Deception that Shocked Zhongnanhai"⁴⁹ relates to a company that was established in Dalian by a clothing factory manager. The company became indebted so the manager (Wang) went to Beijing to raise some credit. There began a series of bribes to credit officers of various banks and trust investment corporations to extend credit to the company in exchange for what amounted to basically a share of the credit. The money was sent via an indirect route to the Dalian company. The credit controllers were bribed with a variety of gifts; a stunning mahjong set for a keen player, a day out at the shooting range for an enthusiastic sportsman, and even the fortuitous introduction of a young female to an elderly gentleman with a strong heart but no companion. And for the woman who would not be bribed; the standover man.

The connections of this multitude of people to Zhongnanhai is hinted at rather than spelled out in the account, and names are somewhat disguised. The credit controllers are

⁴⁹ *Lijian Feiyang - 21 Da'an Yao'an*, pp.186-191.

referred to as Li, Cai, Ni, and Xu. In this case, 17 people received bribes, 15 of whom were in financial circles and 12 were either presidents/managers/credit officers of financial institutions. Two were office/bureau level cadres while 6 were at the departmental level. They received bribes of 200,000 yuan and gave credit of 79,000,000 yuan of which 59,000,000 yuan was difficult to recover.

The emphasis in this case is similar to that of the PSB officials, Guo and Hong. That is, the officials colluded to carry out corrupt activities for financial profit. The story relates how Manager Cai from a certain trust investment corporation's accounting office acted in collusion with a certain bank's general trust office manager, Ni, in June 1990. The deal was that these two vouched for Wang so he could borrow 10,000,000 yuan, of which Cai and Ni received 50,000 yuan.

The story uses traditional images to describe this case: *tou tao bao li* (give a plum in return for a peach, i.e., exchange gifts) but this is a little naive. The value of the bribes was always significantly less than the value of the credit extended to Wang. There are no details given with this story about the consequences for the offenders, which means that the story has a purpose other than to show how firm the regime is towards bribe takers. The emphasis in the story is definitely on the personal gain of the credit officers involved, thus we can be sure that the purpose is to make it publicly clear that such actions are within the scope of the anticorruption campaign and similar offenders can expect a severe response from the state. When so many people in positions of power can be bribed to sell off state wealth it implies that any and all financial officers could be bribed easily. A related factor is the cross-institutional nature of this type of crime; trust investment corporations and banks acting in collusion could bring down the financial system.

A criminal element is inferred in this story by reference to the use of a "heavy" to encourage the female credit officer and the above mentioned Cai to cooperate. The question must be asked: if these individuals did not want to participate in the scam why didn't they report it to the PSB? No party or official status is attributed to Wang whereas

the story implies that the financial personnel are all well connected to the Party and Zhongnanhai. These financial personnel were powerful people; they did not have to cooperate if they didn't want to. At this stage of the campaign this is the closest that personnel in Zhongnanhai have come to being exposed for corruption. As we know, Chen Xitong and Wang Baosen were accused in 1995, but as part of the official anticorruption campaign this is as close to the top as it goes. And even Chen has yet to be fully exposed or punished.

Other Senior Leaders

The case of the vice minister for Science and Technology, Li Xiaoshi, is the other close shave for high level personnel during this campaign. Li acted in collusion with Shen Taifu, president and founder of the non-state-owned Beijing based Changcheng (Great Wall) Machinery and Electronics Company. Shen and his company were involved in illegal fund raising activities by the issuing of false receipts for which Shen sought reimbursement. Shen also gave bribes to Li and 11 other state officials in return for their positive, public support for the Changcheng Corporation's proposed ventures. Shen offered high returns on investment money, and this coupled with the public support of the State Science and Technology Commission's vice minister, guaranteed a good investment sum. But there was no actual investment and people were duped out of their money. Also on Shen's payroll were several journalists from press units and other government departments. These people were bribed (or undertook "paid news") to deliver good reports about Shen's projects so as to encourage people to invest more money.

The points of this case are threefold: Firstly, Li became subject to the proverbial sugarcoated bullets and thus left himself open to be targeted by lawless elements. Secondly, some economic criminals such as Shen are very good at disguising illegal activity. The commentary supports the establishment of civilian-run science and technology units like Shen's as a means of economic progress, but these entities must operate within the law. Thirdly, publicising this typical case (are there numerous cases of

this type of scientific/technological fraud?) is a means of educating journalists to avoid the "paid news" scene. This case, like the owner of the clothing factory who shocked Zhongnanhai, involves private business people. But the reportage of these two cases focuses on the officials involved, not the corrupt acts of the business people. This indicates that the 1993 anticorruption campaign was designed to present an image of a regime that is serious about prosecuting its corrupt officials, rather than a campaign that dealt evenhandedly with all forms of corruption. The case is also interesting because it involves a sector crucial to modernisation, and it involves a company that had a good reputation for contributing to economic development. The public message appears to be: "No matter how much you contribute to economic construction, you must act within the law." As evidence of a genuine attempt to set the boundaries for what is permissible in economic construction, this case captures many of the essential elements. Clearly, "economic construction at all costs" is not the official message. If too many people lose their money, or are killed as a result of a fraudulent deal, this seems to be beyond the limit tolerated by the state.

Shen was executed for offering bribes and engaging in fraud. Li was sentenced to 20 years for accepting bribes. It must be pointed out that according to Chinese law, accepting a bribe is actually a more serious offence than offering a bribe,⁵⁰ so we can only speculate as to why a high ranking official and Party member seems to have been treated more lightly than an ordinary accomplice, particularly in the midst of a campaign aimed at leading cadres. Nevertheless, the story aptly illustrates a set of "serious circumstances" which required the death penalty for one of the offenders. We noted in Chapter Three that "serious circumstances" are not detailed in the legislation relating to bribery and corruption and we suggested that publicised media cases may assist in filling this general knowledge gap.

⁵⁰ See the *Criminal Law*, clause 185, and *Supplementary Provisions for the Punishment of Crimes for Corruption and Bribery* (21 January 1988, NPC)

One of the reasons often given for corruption in the PRC is the monopoly that the state has in many sectors. The science and technology sector is clearly not monopolised by the state and yet it is still susceptible to corrupt acts as this "typical" case shows. Obviously the public support of the relevant vice minister is a vital factor in engendering support and investment. Prohibiting state officials from publicly supporting any corporation in this fashion may be a solution to the problem, but no such regulation has subsequently been issued.

The campaign was designed to target leading cadres but this appears to mean cadres from deputy-county level and above, with most being around the county level mark. Li Xiaoshi was the highest ranking official to be targeted, with the provincial PSB head the next highest together with the Head of Hainan Provincial Planning Department. All the others were either county level or lower. They were also from the provinces or SEZs, not Beijing or central departments, apart from those already mentioned and the case of the deputy director of the Agriculture Finance Department under the Ministry of Finance. The focus is directed away from the centre towards the provinces.

A summary list is as follows: village head from Hebei; Mayor of Ruzhou City in Henan; Deputy-General Manager of Pingdingshan City Coal Industry Corp; Vice-Mayor and Standing Committee member of Pingdingshan City Party Committee; general head of a Chinese culture newspaper; Dandong City government in Liaoning; Deputy chairman of the Jilin Province Federation of Trade Unions; deputy mayor of Suzhou City; county level grain bureau official; director of Shenzhen Municipal Housing Management Bureau; deputy manager of Housing Credit department of a bank; director of a prefecture level Water and Electricity Bureau in Fujian; ordinary clerks in large city banks; chief of a transport section; sales clerk of an Arts and Crafts Import/Export Company; accountant in a city bank; finance and planning section chief of Huzhou Trust and Investment Corp; a businessman from Guangdong; vice mayor of Xiamen SEZ in Fujian responsible for real estate examination and approval; provincial level planning department head from Hainan province; county tax office director; middle rank officer of a trust investment corp;

education department director in a bank; deputy director of the Agricultural Finance Department under the Ministry of Finance; deputy district head in Tianjin City in charge of urban construction work; head of the mineral, chemical, and machinery products section of China (Fujian) Foreign Trade Centre; an operations clerk in Shenzhen planning office; and an accountant from Macau Ceramics Ltd Co.

Central Planning and Market Economy Clashes

The case of Jiang Wei, Hainan Provincial Planning Department Head, is typical of many of the cases that were publicised during the campaign.⁵¹ Not typical in the sense that most cases were from planning departments, but typical in the sense that the position of power and discretionary authority that is vested in the head of a department or section was abused for self interest. It is also typical in that it is in a sector in which a lot of money can be made if project approval is given, thus rendering it susceptible to bribery. Jiang had accepted bribes in return for approving export licences and granting project approvals. He did this independently, without group discussion and out of line with normal procedures. He also guaranteed loans for a company in the name of the planning department, and introduced projects to business people which he then supported with his position, in return for a personal fee. The total bribe money is placed at 123,001 yuan and Jiang was sentenced to life imprisonment.

A similar case involved the vice mayor of Xiamen who was responsible for examination and approval of real estate in the Xiamen SEZ.⁵² Chen Zhihan's case was reportedly exposed when, in 1991, he indicated to a foreign investor his desire for extra benefits in return for approval of the project. The investor apparently refused, and reported Chen to the senior Beijing leadership who initiated an investigation. Chen's bribes exceeded 100,000 yuan but someone interceded for him so his case had not been dealt with from

⁵¹ *Xinhua Domestic Service* in Chinese 0507 GMT 17 October 93 in FBIS CDR 27 October 93, pp.42-43.

⁵² *Hong Kong Ming Pao* in Chinese 15 September 1993, p.10 in FBIS CDR 28 September 1993, pp.40-41.

its exposure in 1991 until the more convenient time of September 1993 - the height of an anticorruption campaign.

These two cases, arriving on the publicity scene at the height of the 1993 campaign, appear to be illustrations of the need for a crackdown in the real estate and property markets. Zou Jiahua, vice premier of the State Council, announced the move to clean up activities in the real estate and land administration departments in early August 1993,⁵³ that would coincide with inspections by the Central Land Market Inspection Group. The Ministry of Construction also made moves in this direction by setting up a "national leading group for the inspection of property and real estate development and operations".⁵⁴ Inspections would focus on the registered and actual capital of enterprises, the sources of capital as to their propriety, tax avoidance and evasion, etc.

These two cases are probably typical of the real estate sector, and it must certainly have been a serious problem to warrant its own leading group and inspections. As we noted above, inspection teams are only warranted when there is a low level of compliance with central instructions. This sector then is a good illustration of one aspect of campaign management; that is, announcements are made to signal the area to be targeted, which is followed by publicised cases to illustrate the problem.

To return to Jiang Wei's case, it is presented in typical style: his exemplary life is stressed, up to the point where he becomes susceptible to the temptations of money and an easy life. Like the cases of many other corrupt officials, Jiang's corrupt activities are presented as a fall from pure, ideological and moral principles into the tainted hands of bourgeois liberalism. The turning point is portrayed as an ideological one. Jiang is feted by unscrupulous people who plan to take advantage of his powerful position, and they proceed to do so. At first by wining and dining him, then buying a new suit, new housing

⁵³ Hong Kong *Ming Pao* in Chinese 3 August 1993, p.2, in FBIS CDR, 6 August 1993, p.26.

⁵⁴ Beijing *Zhongguo Xinwen She* in Chinese 1120 GMT 13 July 1993, in FBIS CDR 6 August 1993, pp.26-27.

quarters, and new furniture - all of which were designed to be gifts in exchange for building and project approvals which would net the developers a lot of money. It is reported that Jiang had said he would pay for these items but never actually did.

This case raises pertinent questions about administrative control measures in the Chinese bureaucracy. One of the frequent calls during anticorruption campaigns in the PRC during the 1980's and 1990's was for better supervision of the bureaucratic processes. Clearly in the Hainan Planning Department, the process was meant to be group-focused with clear guidelines. The story makes the point that Jiang used his power as head of the department to override these procedures and do as he liked. He had special powers over the planning, distribution, and allocation of the means of production, funds, and projects. Cases like this highlight the problems of mixing a planned and a market economy, where planning and distribution of resources is centrally controlled by the bureaucracy but those who stand to gain most from the decisions are financially well equipped players in the market economy. A more open and transparent bureaucratic system may help overcome these sorts of abuses, but no systemic changes were introduced during the campaign. The problems of mixing two systems, together with the moral/ideological decline of Jiang, appears to be the message of this case. Unlike our great uncorrupted DIC Secretary Jiang Rufeng, discussed above, Jiang Wei did not remember that his primary goal should be to serve the *laobaixing* by distributing their resources honestly.

By portraying these corrupt officials as morally and ideologically degenerate, the propaganda machine is saying that all across the country, in most departments and levels of officials, there are powerful officials who no longer subscribe to the Party principle of serving the people. One of the other major cases that indicates similar power abuse - that of Xu, Fan and Wang from Henan province that we will discuss shortly - is described as follows:

The emerging of such corrupt elements as Xu Zhonghe, Fan Ganchao, and Wang Naibin was not a fortuitous phenomenon. It was a

manifestation in our party of the decadent ideologies and conduct of the bourgeoisie and other exploiting classes, a result of inflated individualism and money worship. Party organisations at various levels and all party members in the province must conscientiously draw a lesson from this negative example and take warning.⁵⁵

Although this is the provincial response from a traditional communist stronghold the central response was similar but added the market economy card:

The Central Commission for Discipline Inspection stated in the circular that the creation of a market economy in China will inevitably produce some negative effects...therefore, all party members, especially leading officials, must oppose money worship, pleasure seeking and ultra-individualism, and should wage a resolute struggle against all forms of corruption.⁵⁶

What did these three do?⁵⁷ They established and maintained a fully effective patron-client relationship. In August 1988 Xu was director and Party secretary of the Liyuan Mining Bureau in Henan Province. He used his position there to misappropriate public money to send his children to school, establish private savings, and receive large bribes. About this time Xu was transferred to Ruzhou to serve as acting mayor. He later assumed the post and became Ruzhou's deputy party secretary and head of the city's Mining Affairs Office. He then began to take advantage of his former contacts made as head of Liyuan Mining Bureau to demand bribes. He took his wife and children on a trip to the south during which he received cash, gold bars, gold rings, video cassette recorders and players, and deluxe furniture from a collection of companies who had business relations with Liyuan.

⁵⁵ Zhengzhou Henan People's Radio Network in Mandarin 1030 GMT 28 June 1993 in FBIS CDR 9 July 1993, p.49.

⁵⁶ Renmin Ribao, 6 June 1993, p.4.

⁵⁷ For accounts of this case see *Lijian Feiyang - 21 Da'an Yao'an*, pp.48-59, *Minzhu Yu Fazhi*, 8 1993, pp.8-12, *Renmin Ribao*, 6 June 1993, pp.1,4, and *Xinhua Domestic Service* in Chinese 0859 GMT 29 October 93 in FBIS CDR 1 Nov. 93, pp.20-21.

Clearly, now that Xu was in charge of the City Mining Office he could provide a lot of powerful favours for his former clients.

Fan Ganchao was Xu's deputy head at Liyuan in August 1988. When Xu left the Office to go to Ruzhou, Fan wanted to assume the post of director, so he sought Xu out and said he wanted to buy him an Audi 200. Fan subsequently assumed the post of director at Liyuan under the patronage of Xu. In the past Fan had been an ordinary coal worker and it was Xu who had brought him to Liyuan and acted as his patron so they could carry out illegal acts together. Fan was very much the junior partner of the equation as it was not until after the Audi incident when Xu embarks upon the family holiday at corporate expense, that Fan realised Xu was also profiteering, *laoyiba*. The third member of the trio was Wang Naibin, deputy mayor and member of the Pingdingshan city party committee. Wang had asked the Liyuan Mining Bureau to purchase a car for the Economic Works Department, and in return Liyuan received material benefits.

An interesting point about his story, and that of Jiang Wei, the Hainan Provincial Planning Department head, is that neither considered themselves criminals. Xu went to great lengths to appeal to the achievements of his official career as a basis for leniency. He even sought to build up his public image by contracting a writer to write his biography as China's "son of coal". This biography reportedly emphasised Xu's long association with coal; he was born into it and ate, slept, walked and talked coal all his life. The implication is that he had contributed so much to China's coal industry that he really shouldn't be accused of bribery and misappropriation, and be liable for criminal punishment. This point appears to be directed at readers who may think that anticorruption and economic construction are at odds, and that the state should go easy on cadres who act in this manner because of their great and substantial contribution to economic construction. The message of cases like Xu's, is that the state will not go easy on them; they are as culpable as ordinary workers who have not contributed as much to economic construction. This is a public message to other corrupt officials to beware.

Another factor drawn out in the accounts of this case is the involvement of the central authorities in the investigation procedures. There had obviously been obstruction at the local level so a group of cadres from the party committee of the Liyuan Mining Bureau got together to report Xu to a work unit that would be effective in handling the case. Notably bypassing the Provincial DIC, the complainants approached the Central Discipline Inspection Commission, the Supreme People's Procuratorate, and finally managed to pass the material to the hands of no lesser a person than Qiao Shi of the Politburo Standing Committee. The material was then passed to the Central Committee's General Office who passed it to the Henan Provincial Party Secretary, Hou. The Henan Provincial DIC, Ministry of Supervision and People's Procuratorate then combined forces for a joint investigation. At one stage the Supreme People's Procuratorate sent people to Henan to help with the investigation because the local crew were having difficulty. This supports the view that inspection/investigation teams are sent to various provinces and departments to ensure that central instructions are adhered to. It also strengthens the view that these local networks of cadres are a tightly woven web, focused on self serving actions, and resistant to external pressure, similar to that encountered by our great DIC hero, Jiang Rufeng when he dealt with his local village thug who was also the village head. (See p.75 above) The claim of involvement of leading moderate reformer, Qiao Shi, is no doubt a political statement designed to present the reformers in a good light. We will look further at this issue in the concluding chapter of the study. This case raises questions about situations which are not reported from a county or provincial level to the centre; that is, if no-one complains or seeks help from the centre, does the situation continue without the centre's knowledge? Are there mechanisms for the centre to supervise the activities of the counties and provinces?

The opportunity to illegally sell foreign currency quotas is another example that appears several times in the publicised cases of the 1993 anticorruption campaign. Guo Ziwen, general manager of the China Coal Sales and Transportation Company, was sentenced to death for receiving bribes and illegally selling foreign currency quotas.⁵⁸ This occurred

⁵⁸ See *Minzhu Yu Fazhi*, 8 1994, pp.16-19.

against the economic background of a crisis in foreign exchange management, which tends to suggest that Guo's case is an illustrative example of how China arrived at this crisis, and justifies the actions taken by the state to remedy the problem.

There had been a major drop in the value of *renminbi* in the foreign exchange swap market⁵⁹ in the first half of 1993, causing traders to hoard their foreign exchange until the government intervened to require the firms in possession of quotas to use them before September 1993 or they would be repurchased by the State. Foreign exchange quotas were allocated to Chinese enterprises requiring it to engage in importing/exporting but not every firm was allowed to participate in the foreign exchange swap market. Approval was needed first, which created many opportunities for corrupt officials like Guo to sell their companies' quotas for bribes. The foreign exchange would then be used by the purchaser to acquire imported products that he/she would not otherwise have had access to. The end result was that in December 1993 the government decided to unify the official and the swap market rates to eliminate the dual exchange rates. This was similar to the dual track pricing system for commodities that plagued China in the mid 1980's. But the reform was not very successful as access to foreign exchange markets remains under the administrative control of officials who are therefore still able to use their power for corrupt purposes.⁶⁰

The account of Guo Ziwen relates how he regularly "lent" money outside of his work unit, but the complainant argued that if he is doing this then the work unit should receive some benefit from it. Obviously it hadn't; Guo had been receiving bribes instead. This point appears once again to emphasise the motive of self gain that is crucial in determining an act of bribery. The story implies that if Guo's company had benefited from the same actions then this would not be such a problem. This story, like many others

⁵⁹ These markets were established to make it easy for companies converting their foreign exchange, but in effect they established a two tiered system for the foreign exchange rate.

⁶⁰ See Susan L. Shirk, *How China Opened Its Door*, The Brookings Institution 1994, pp.60-67.

publicised during the 1993 campaign, seems aimed at clarifying the relationship between economic construction and anticorruption work. It is also the only planned economy sector that is represented in a major way in the media publicity of the 1993 campaign. We will say further about this matter in the concluding chapter.

The Workers' Interests

The Federation of Trade Unions is a group that one expects has the interests of the workers in mind, yet even here corrupt officials are active. Xue Jingwen had a good revolutionary background, was head of a paper making factory in Bianzhou, Jilin Province and was deputy chairman of the Jilin Provincial Federation of Trade Unions.⁶¹ In 1991 Xue was concerned about company sales and nearly emptied the coffers by using 170,000 yuan on sales promotion. After this Xue travelled to Korea where he met a Mr Zheng, to whom Xue gave an auspicious gift bought with public money. In return Zheng visited Xue's factory, signed a deal and gave Xue U.S.\$4000 worth of goods such as cameras, etc. Xue neglected to hand them over to the factory, thereby placing himself in the position of having received bribes. After this, Xue managed a contract on behalf of the factory, an element of which was that the workers receive awards for their output. Xue fiddled the money and kept about 30,000 yuan of it for himself which he spent on bonds and free living. Xue was involved in a total of 20 instances of bribery/corruption valued at 150,000 yuan, yet he only received a five year sentence for bribery and a further seven for hooliganism.

Other Cases

As we have seen by the cases discussed so far, bribery in this campaign was targeted in the law enforcement sector, financial sector, and a number of sectors that give rise to clashes between the planned and market economies. A quick survey of other major bribe cases reveals a variety of sectors: A group of officials from a county level tax office in Shanghai used their authority to reduce the taxes of certain companies in return for bribes.⁶² The deputy director of the Agricultural Finance Department under the Ministry

⁶¹ For details of this case see *Minzhu Yu Fazhi*, 12 1994, pp.18-20.

of Finance accepted bribes to abuse her power to allocate government funds to enterprises, institutions, and relief funds to disaster-stricken areas.⁶³ Qiu Awang, director of the Water and Electricity Bureau of Nanping Prefecture, Fujian Province, received bribes for misusing his power to allocate and award contracts to construct state water and electricity projects.⁶⁴ The head of the Construction Branch of Wuxi City near Suzhou used his post to receive bribes in exchange for allocating construction resources and allowing illegal plans to go through.⁶⁵ Wang Huayu, accountant at a county grain depot, used his position to misappropriate 40,000 jin of grain to store up and resell at a later date.⁶⁶ The mayor of Suzhou City received bribes in exchange for arranging the elimination of a financial debt.⁶⁷

The circumstances and location varies, but the pattern is the same. The breadth and extent of bribery cases in terms of sectors of the economy that have been affected is staggering. The PSB, Procuratorate, the law courts, the reform through labour system, financial sector especially in credit loans, coal industry, science and technology sector, trade unions, public utilities sector, housing sector, planning and real estate sector, and the grain supply sector are all represented. In addition to these sectors there is the overwhelming presence of party officials abusing their power at all levels for whatever personal gain can be gleaned.

In terms of the stated targets for this campaign we have seen that the law enforcement sector has been clearly targeted. The question of leading cadres being targeted is a moot one, because most of those presented are at the city or county level. This is obviously the group that the PRC leadership means when it says "leading", but they have really begged

⁶² Shanghai *Jiefang Ribao* in Chinese 31 October 1993, p.1 in FBIS CDR 23 November 1993, p.57-58.

⁶³ *Xinhua* in English 1404 GMT 4 July 1994, in FBIS CDR 5 July 1994, p.42.

⁶⁴ *Xinhua Domestic Service* in Chinese 0516 GMT 12 August 1993 in FBIS CDR 17 August 1993, pp.26-27.

⁶⁵ *Minzhu Yu Fazhi*, 4 1994, p.7.

⁶⁶ *Lijian Feiyang* - 21 Da'an Yao'an pp.128-138.

⁶⁷ *Lijian Feiyang* - 21 Da'an Yao'an pp.79-86.

the issue. Nearly all commentators would put this group in the middle, leaving provincial, ministerial and central level officials for the "leading group." It is useful for us to note, however, that the target group was not "senior" officials. The sectors represented in publicised cases have only a slight association with the sectors targeted for alleviation of indiscriminate fee collection, which are: PSB, labour, personnel, railways, transport, posts and telecommunications, banking and civil aviation. Therefore it seems that this part of the campaign was restricted to being handled through administrative and legislative processes.

We have shown that many of the publicised cases appear to be directed at defining and illustrating the relationship between economic construction and anticorruption work. With the Party's semi-defence of some forms of corruption in mind (the motives/causes/means/results matrix), these cases are both public warnings to officials engaged in similar acts as well as didactic material to explain exactly what the Party means when it says that bribery/corruption charges will be assessed against these criteria. The cases also serve as illustrations of many aspects of new legislation that was introduced during the campaign, especially the legislation relating to fees charged by various law enforcement bodies. They also reveal structural problems in the state that mitigate against anticorruption work: strong ties of localism, traditional networks, and centre/provincial loyalty questions that are not related to provincial economic or environmental concerns, but rather provincial loyalties in the form of mutually self-serving work-based relationships. There is also a strong representation of financial profit as the incentive.

From the angle of quantity, the 1993 campaign was not a success; the figures cited at the start of this chapter indicate as much. From the angle of strategy, some progress was made in the area of institutionalising the fight against corruption. The campaign had the use of the recently established anticorruption bureaux, which assisted in determining problem areas, but they are by no means independent corruption investigation bureaux. One of the accepted factors in controlling corruption is the establishment of an

anticorruption commission that is separate from any of the law enforcement agencies. The traditionally hierarchical structure of the PRC would lend itself to the establishment of an agency that reports directly to the top leader/s, and the leaders must ensure the agency has the authority to carry out the task. The absence of such an agency confirms the lack of political will to deal with corruption without any boundaries.

Newly promulgated legislation and media reportage are more closely linked than in the 1982 campaign. The legislative changes in the law enforcement sector were illustrated in the media by very specific cases, so there has been a tendency to narrow the focus of the anticorruption campaign. Legislation associated with the 1982 campaign was aimed at serious economic crime in general, and the media cases were from a broad range of sectors, whereas legislation and media reportage in the 1993 campaign overlap only in the sector of law enforcement. Has the 1993 campaign been used to implement the regime's policy on law enforcement? How does an anticorruption campaign that focuses on the law enforcement sector serve the central task of economic construction? We will answer these questions in the concluding chapter.

CHAPTER FIVE - OTHER AGENDAS AND CONCLUSIONS

The nature of corruption in China is clearly a changing phenomenon. From the 1982 campaign we recall that the keeper of the grain receipt book was in a most advantageous position to seek out bribes. The power of his position was frequently exchanged for a commodity in short supply - housing. Such scenarios highlight the way in which the economic environment heavily influences the nature of bribery and corruption. An economically backward PRC that, on the whole, had not invested money in housing during the socialist era, found that the early fruits of a reformed economy could easily be exchanged for restricted commodities like housing.

By 1993 the housing supply problem had been addressed, to a certain extent, and it disappeared from the scene as a fruit of corrupt activity. A constantly growing economy had provided more lucrative fruits for those in powerful positions, and attention was now turned towards bribing officials to enable the smuggling of large cost items, like cars, into the PRC. Useful officials for this type of activity are those in the public security system and law enforcement sector generally.

This shift in the nature of corruption has also been observed by the author(s) of the January 1996 "Ten Thousand Character Letter" printed in *Asiaweek*.¹ The letter's author(s) describes how the 1970's were characterised by the use of *houmen* and low cost gifts; the 1980's saw a rise in the direct use of money as a fruit of bribery; and the 1990's has seen large scale embezzlement and bribe taking.

Within these changing circumstances a number of campaign strategies have been carried over from the Mao era:

- ♦ the wholistic approach that utilises the law, media, and art and culture to implement Party policy

¹ "China: Article castigates China's "New Bourgeoisie", Warns Against Reform", *Ya-Chou Chou -Kan*, 2, 14 Jan. 1996, pp.22-28, in BBC Monitoring Service: Asia Pacific 16/9/96.

- ♦ the use of "typical cases" to educate cadres and the masses via the media
- ♦ the use of positive and negative examples in the media
- ♦ the percentage of corrupt officials that is officially permitted or acknowledged
- ♦ the advocacy of leniency for those who confess, but severity for those who don't
- ♦ the use of the death penalty as a warning to other offenders and to quell the masses' anger
- ♦ and possibly the dualistic construct of anticorruption work and economic construction is the "Eleventh Major Relationship" that China has to deal with.

The major way in which campaign strategy is now different to the Mao era is that there has been a serious attempt to implement anticorruption campaigns "according to law", (with the declared policy limitations).

The 1982 anticorruption campaign is best understood within the framework of legitimacy. Re-establishing a good image for the Party in the wake of the Cultural revolution was a primary concern, and this was to be achieved by adding a legal framework to the base of policy and circumstances. In practice, this meant that not all forms of corruption would be dealt with, but only those that detracted from the central task of economic construction.

By 1993 the legitimacy question had developed from a narrow concern with Party image to encompass broader concerns within both the domestic and international communities about "the rule of law"² in general, and human rights in particular. The first half of 1993 saw the reformers consolidate their leadership position,³ while embarking on a program of judicial reform. An interview with the Deputy Procurator-General of the Supreme People's Procuratorate, Xiao Yang, reported that it was time to break from the traditional concept of law enforcement that maintains "left" deviation is better than

² See for example *Renmin Ribao*, 14 August 1993, p.1, an editorial explaining the reason for past failures over the control of smuggling is that relevant cadres did not observe the law or strictly enforce it.

³ On this point see R. Baum, *Burying Mao*, Princeton, 1994, pp.369-376, and W. Lam, *China After Deng Xiaoping*, John Wiley & Sons, 1995, pp.25-29.

"right" deviation.⁴ Together with the proposed legal reform, a *Guangming Daily* article advocated further development of the socialist market economy as this would lead to a decline in corruption because:

- ♦ a socialist market economy would produce changes in the mental outlook of people,
- ♦ regulation problems that occur under the planned economy would dissipate, and
- ♦ the socialist market economy is a legal economy and is regulated by law, rather than the variables that operate through corrupt activities.⁵

These are clearly political statements, especially as the article continues on to state that there is an increased likelihood of corruption occurring in planned economy sectors. If this is the case, then why not focus the anticorruption campaign on these sectors? Instead, the anticorruption campaign was focused on judicial and law enforcement sectors, on the economic management sector, and on the problem of illegitimate fee collection. Problems associated with regulating the planned economy sectors were represented in the campaign (see p.85 in Chapter Four) but they were not the main focus.

The anticorruption campaign was partly used to implement the wider agenda of judicial reform. Many of the law enforcement cases discussed in Chapter Four of this study reflect this agenda. Consider the following tasks that the procuratorates carried out in 1993 under the rubric of "strictly enforcing the law":⁶

- ♦ eradicating the problem of giving a monetary fine or lesser sentence for an offence that requires a heavier sentence
- ♦ the supervision of criminal cases where the offender is pronounced "not guilty" or receives a light sentence when it should be a heavier sentence
- ♦ the supervision of law enforcement and discipline. For example, state officials were charged with torture and extorting confessions, and judicial personnel were charged with favouritism or fraud. (The report at this juncture plays the human

⁴ *Liaowang Overseas Edition* 8, 22 Feb. 1993, pp.4-6.

⁵ *Guangming Ribao*, 7 October 1993, pp.1-2.

⁶ *Zhonghua Renmin Gongheguo Zuigao Renmin Jianchayuan Gongbao*, no.1, 1994, pp.5-13. For a translation see FBIS, CDR, 1 April 1994, pp.37-46.

rights card, by stating that the investigation and handling of cases of violation of citizens' rights is an important aspect of the protection of human rights, and indeed, these prosecutions against judicial personnel are said to be evidence of China's success in protecting human rights.)

- ♦ legal supervision over civil trials and administrative lawsuits, with 44 judges being put on file for investigation of misconduct
- ♦ supervision over the inspection of prisons and by paying special attention to handling cases of illegal reduction of sentence and parole (as these cases may indicate a bribe has exchanged hands), and
- ♦ procuratorial work in handling appeals and complaints.

The 1993 anticorruption campaign was primarily designed to appear as if the authorities were attempting to control corruption, but the strategy reveals dual aims:

- ♦ the control of corruption as reflected in the targeting of the economic management, planned economy sectors, and illegal fee collection, and
- ♦ the use of the target of law enforcement to implement judicial reform in response to domestic and international concerns over China's "rule of law" and human rights image.

There is possibly a further intention with this target: we suggest, speculatively, that the use of such targets in 1993, against the background of Deng's last fling of direct control, represents an attempt to ensure that reform continues after Deng.⁷ The best way to ensure that reform continues is to institutionalise, legalise and codify it. This cannot be achieved unless there is a reliable law enforcement sector. Many of the aspects of the cases we dealt with in Chapter Four seem designed to state clearly the slogan "we have laws here, you know, and we stick to them". A socialist market economy must be regulated by law, and according to the policy of economic construction, not the personal interests of cadres.

⁷ See *Renmin Ribao*, 27 September 1993, p.5 for an article that describes the legal system as an honest government's foundation and safeguard.

Anticorruption work in this context is modified by two policies: firstly, the four sided matrix of motive/causes/means/results. There is no questioning in the *Qiushi* article that expounds this matrix of what is to be done when the same corrupt actions are carried out by a state agency as opposed to an individual.⁸ The legislation allows for the ring leader(s) of a scam to be punished, but there is no recognition of widespread institutional practices; problems are taken on a case by case basis. Thus it may be that some of the cases discussed in Chapter Four of this study are cases of the agency head being punished for a practice that was institutional in the sense that it was engaged in, in some form or other, by practically all the employees.

The second policy that modifies anticorruption work is the place in society, and the meaning of, "law". Many westerners yearn for the day when life in China is regulated by "the rule of law", but even with continued judicial reform there is likely to be a fluid understanding of this term in China. Research results from 1991 discuss three views about the place of law in a China that is still in reform mode:⁹

- ◆ There is no difference between law and reform; reform must be carried out within the scope of the law. The author of the article finds two problems with this view: firstly, China has a mixture of planned and market economies therefore law and reform will inevitably clash; secondly, law ensures continuous patterns where as reform brings constant change.
- ◆ Rational or reasonable law breaking may be tolerated, but the author dismisses this in favour of law and reform joining together.
- ◆ Legislation should lead the way, but this view is faulty says the author, because today's legislation will be incompatible with the future, therefore legislation and reform should proceed together.

These views serve to illustrate the variety of thinking behind simple and often quoted phrases such as "the rule of law". This is the same author who advocates the policy of

⁸ *Qiushi*, 14, 16 July 1993, p.13.

⁹ Gan Canchun, "Zenyang Baozheng Gaige de Hefaxing", *Faxue Yanjiu*, 6, 1991, pp.1-6.

falu tupo, zhubu wanshan (law breaks through, then is progressively perfected), and we can see the continuity of thought from the third view expressed above. For as long as China is in a declared period of reform and economic construction, it seems we can expect fluidity in what is meant by law reform and the rule of law. The consequences for anticorruption work are obvious. Today's legislation may be inapplicable tomorrow, hence a more flexible system is needed, and different conditions in the market economy tomorrow will necessitate legislative adjustment.

Finally to the question most often asked about corruption in China: why is it so bad? A detailed study of this aspect has not been central to this paper, but several useful insights can be gained. James Scott (1972) has observed the close relationship between the personal commitment of the most significant political leader, a widespread rational support for the regime by the people, appropriate legal restraints, and solid institutionalisation of anticorruption measures when handling corruption. Of these four requirements, China is approaching appropriate legal restraints and has made some progress towards institutionalising anticorruption by the establishment of the anticorruption bureaux under the authority of the procuratorate.

Without widespread symbolic and rational support for the regime, the prospects look dismal. The regime is banking on economic growth to bolster its support and legitimacy, but it is this very economic growth that has provided such lucrative opportunities for bribery and corruption, and without the regime's adamant commitment to economic growth without widespread corruption, it is a circular argument. In order to make headway against the rising tide of corruption the complex relationship between corruption and economic growth must be faced. The intra-Party disunity on whether or not corruption must be handled seriously reveals the fundamental problem: those who have the most to gain from corrupt activities in a booming economy are not prepared to relinquish their grip on power. The system is corrupt because it institutionalises power for the corrupt.

APPENDIX: LIST OF BRIBERY/CORRUPTION RELATED LEGISLATION & POLICY STATEMENTS

Compiled by the author

The date that the legislation came into effect is listed, together with a source reference and other explanatory notes as necessary. The list is not exhaustive.

- | | |
|------------------|--|
| 1952 | Act of the People's Republic of China for Punishment of Corruption. |
| 1 January 1980 | Criminal Law, clauses 155 & 185 <i>The Criminal Law and Criminal Procedure Law of the People's Republic of China</i> F.L.P. Beijing 1984. |
| 28 March 1981 | Regulations on Senior Cadres Living Arrangements <i>Renmin Ribao</i> , 28 March 1981, p.1, Deng Yingchao's CDIC Plenum Speech. |
| 15 July 1981 | The State Council Circular Concerning the Prohibition of Unhealthy Practices in Commodity Circulation. <i>Renmin Ribao</i> 17 July 1981, p.1. |
| 20 July 1981 | CDIC Circular Calls for End to Unhealthy Practices <i>Renmin Ribao</i> , 7 August 1981, p.1. |
| 15 August 1981 | Beijing Party Circular Prohibiting Unhealthy Trends <i>Renmin Ribao</i> 16 August 1981. p.1. |
| 13 February 1982 | Rural Housing Land Use Regulations <i>China Law and Practice</i> , vol.1, no.1, Jan.21 1987, p.14. This law was repealed in 1986 by the PRC Land Administration Law. |
| 8 March 1982 | Decision Concerning the Severe Punishment of Serious Economic Crimes (Standing Committee of NPC) <i>Renmin Ribao</i> , 10 March 1982, p.1,3. This decision supplements the Criminal Law with clearer definitions of corruption/ bribery and harsher penalties. |

- 14 April 1982 Decision Concerning the Struggle Against Serious Illegal Activities in the Economic Field (CCPCC and State Council)
Renmin Ribao 14 April 1982, pp1-2.
- 7 July 1984 Notice Concerning Cadres Working in Party and Government Organs Not Running Enterprises With the Masses. (CCPCC)
H. Kolenda, "One Party, Two Systems: Corruption in the PRC and Attempts to Control It"
Journal of Chinese Law (Columbia Uni. School of Law, N.Y.) vol.4 no.2 Fall 1990, p.217.
- 23 May 1985 Decision Concerning Prohibiting the Children and Spouses of Leading Cadres From Engaging in Commerce. (CCPCC)
Kolenda (1990), p.217.
- 8 July 1985 Answers to Certain Questions Concerning the Concrete Use of the Law in the Present Handling of Economic Criminal Cases (Supreme People's Court and Supreme People's Procuratorate)
Huiluzui gean Yanjiu Sichuan Daxue Chubanshe 1990, pp.236-239.
- 5 June 1986 Notice Concerning the Strict Prohibition of Illegal Profit Seeking in Social Economic Activities (State Council)
Zhonghua Renmin Gongheguo Guowuyuan Gongbao No.16, 30 June 1986, p.522.
- 31 December 1986 Administration of Forfeited and Confiscated Property and Recovery of Misappropriated Funds, Procedures (Ministry of Finance)
China Law and Practice, vol.1, no.3, April 1 1987, p.8.
- 16 April 1987 Report Concerning the Problem of Controlling Administrative Expenses, Circular (Ministry of Finance)
China Law and Practice, vol.1, no.4, May 6 1987, p.14.
- 17 July 1987 Imposing Sanctions on Work Units and Individuals Who Resell Treasury Bonds Provisions
China Law and Practice, vol.1, no.8, Sept.28 1987, p.2.
- 17 September 1987 Speculation and Resale Profiteering Administrative Sanctions, Provisional Regulations (State Council)
Implementing rules were not issued until September 1990.
Zhonghua Renmin Gongheguo Guowuyuan Gongbao No.23, 15 October 1987, p.774.

- 21 September 1987 Curbing Indiscriminate Use of Money, Goods and Travelling at the Public Expense, Circular (State Council)
China Law and Practice, vol.1, no.9, Nov.2 1987, p.12.
- 21 January 1988 Supplementary Provisions for the Punishment of Crimes of Corruption and Bribery (Standing Committee of NPC)
Supplements the 8 March 1982 "Decision" with graded punishments.
Huiluzui gean Yanjiu Sichuan Daxue Chubanshe 1990, p.239-242.
For a commentary see Alison E W Conner "Commentary" *Hong Kong Law Journal* vol.18, 1988, pp.269-278. Conner also provides a translation.
- 1 July 1988 Party Disciplinary Action Against Communist Party Members who Breach Discipline in the Course of Foreign-Related Activities. (CDIC) Internal party sanctions.
Renmin Ribao 10 August 1988, p.4.
- 12 August 1988 Strengthening Corruption and Bribery Case Report Work Decision (Guangdong Provincial People's Congress)
Establishes case reporting centres at County level or above.
China Law and Practice, vol.2, no.8, Sept.26 1988, p.14.
- 2 September 1988 Maintaining Honesty in Public Security Institutions, Circular (PSB)
China Law and Practice vol.2, no.9, Oct.31 1988, p.13.
- 13 September 1988 Administrative Sanctions for State Administrative Personnel who Commit Corruption and Bribery, Tentative Provisions (State Council)
Renmin Ribao 18 September 1988, p.3 (These regulations were not implemented until September 1989)
For a translation and explanations on relevant clauses see *China Law and Practice* vol.4, no.1, Jan.22 1990, pp.39-51.
- 20 September 1988 Chinese Communist Party Discipline Inspection Authorities, Trial of Case Regulations (CCPCC) Covers the scope of authority of investigation personnel, the types of cases which may be tried, and the basic requirements for trying a case, such as preciseness of facts and conclusive evidence.
China Law and Practice vol.2, no. 9, Oct.31 1988, p.13

- 25 September 1988 Maintaining Honesty Among Personnel who Work in Government Agencies, Several Provisions. (MOFERT - Ministry of Foreign Economic Relations and Trade.)
Prohibits personnel in foreign related activities from demanding money or material benefits - specifically prohibits foreigners from being involved in sending children of state personnel abroad for study.
China Law and Practice vol.2, no.9, Oct.31 1988, p.14.
- 27 September 1988 Strictly Punishing Economic Criminals and Examining Promptly Economic Criminal Cases, Circular (Supreme People's Court)
Specifies that speculators are not exempt from prosecution just because they didn't succeed in making profits.
China Law and Practice vol.2, no.9, Oct.31 1988, p.15
- 2 October 1988 Investigating Evidence of Serious Criminal Cases, Circular (Supreme People's Procuratorate)
China Law and Practice vol.2, no.9, Oct.31 1988, p.15.
- 1 December 1988 Prohibiting State Administrative Agencies and Their Personnel from Presenting or Accepting Gifts in the Course of Performing Official Duties in China, Provisions (State Council)
Zhonghua Renmin Gongheguo Guowuyuan Gongbao
No.25, 6 December 1988, p.807.
For a translation see *China Law and Practice* vol.3, no.2, Feb.20 1989, pp65-68.
- 29 July 1989 Correcting Several Issues That Have Caused Concern Among the People, Decision and Increasing Propaganda and Ideological Work, Circular. (CCPCC) Aims at placating popular resentment.
China Law and Practice vol.3, no.8, Sept.25 1989, p.15.
- 15 August 1989 Persons Involved in Corruption, Bribery or Profiteering Must Confess Within a Limited Time, Circular
(Supreme People's Court and Supreme People's Procuratorate)
Zhonghua Renmin Gongheguo Guowuyuan Gongbao
No.15, 12 September 1989, p.601.
This notice is the same as that at 19 August. It requires offenders to confess before 31 August and promises light punishment in return. The March 1982 NPC decision also offers an amnesty and lighter punishment for those who confess.

- 17 August 1989 Strictly Controlling Leading Cadres Travelling Overseas, Provisions (CCPCC and State Council)
Xinhua in Chinese 1259 GMT 7 October 1989 in Summary of World Broadcasts Far East 10 October 1989, B2/5-6.
- 19 August 1989 State Administrative Personnel Involved in Corruption, Bribery or Profiteering Must Confess Within a Limited Time, Circular. (Ministry of Supervision) This notice is the same as that at 15 August.
Zhonghua Renmin Gongheguo Guowuyuan Gongbao No.15, 12 September 1989, p.604.
- 6 September 1989 Administration of the Allocation and Use of Autos in Central Party and Government Institutions, Provisions (CCPCC and State Council)
Fazhi Ribao 17 October 1989, p.1.
- 8 September 1989 Administrative Sanctions for State Administrative Personnel Who Commit Acts of Corruption and Bribery, Implementing Rules (State Council) This regulation implements the "Tentative Provisions" of 13 September 1988.
Encyclopedia of Chinese Law, p.50
For explanations on some of the articles of this rule see *China Law and Practice* 3, 10, 11 December 1989, p.13.
- 9 September 1989 Provisions Concerning Handling the Problem of Party and Government Cadres Building Private Houses.
Guangdong Provincial regulation, Kolenda (1990) p.223
- 18 September 1989 Strictly Forbidding Civil Servants Dining at Public Expense Provisions, (CCPCC and State Council)
Beijing Ribao, 29 September 1989, p. 4 in Kolenda (1990) p.223.
- 6 November 1989 Answers to Concrete Questions Concerning the Implementation of "The Punishment of Corruption and Bribery Additional Regulations" (Supreme People's Court and Supreme People's Procuratorate)
Huiluzui ge'an Yanjiu Sichuan Daxue Chubanshe 1990, p. 246-247.
See also *Zhonghua Renmin Gongheguo Zuigao Renmin Fayuan Gongbao*, no.12, 20 December 1989, pp.14-17.

- 9 April 1990 Sanctions Against Industry and Commerce Administrative Personnel Who Violate Ethics Rules, Procedures.
China Law and Practice vol.4, no. 8, Sept.24 1990, p.17.
- 21 February 1991 Exemption From Prosecution of Corruption and Bribery Cases, Tentative Procedures (Supreme People's Procuratorate)
These Procedures were made permanent on 26 December 1991.
See *China Law and Practice* 7 May 1982, p.6.
- 22 November 1991 Supervisory Authorities, Investigation and Handling of Cases Involving Violations of Policy or Breaches of Discipline Procedures. (Ministry of Supervision) Replaces the same trial procedures of 11 May 1988.
China Law and Practice 27 February 1992, p.6.
- 26 December 1991 Exemption from Prosecution for Corruption and Bribery Cases Provisions (Supreme People's Procuratorate). Replaces the tentative procedures of 21 February 1991. The provisions allow for exemptions when the amount of money is relatively small (2,000-5,000 RMB), the offender confesses, repents, does good deeds, and returns the money or goods. This is an active punishment, not an explanation of situations that may avoid prosecution.
See *Zhonghua Renmin Gongheguo Zuigao Renmin Jianchayuan Gongbao*, no.1, 1992, pp.20-23.
- 30 October 1992 Notice Concerning the Strengthening of Corruption and Bribery Crime Prevention Work (Supreme People's Procuratorate)
See *Zhonghua Renmin Gongheguo Zuigao Renmin Jianchayuan Gongbao*, no.1, 1993, pp.27-28.
- 7 May 1993 Circular Prohibiting Party and Government Organisations and their Personnel from Accepting or receiving Money and Negotiable Securities as Gifts (CCPCC and State Council)
Stipulates that gifts that cannot be refused must be handed to the State Treasury within one month.
Renmin Ribao 8 May 1993, p.1.
- 22 July 1993 Measures to Curb Corruption Within the Judicial System (Ministry of Justice) Prohibits police from fund raising or demanding money from prisoners, solicitors fees must be publicly stated.
Hong Kong Ming Pao in Chinese 22 July 1993, p.9, in FBIS CDR 9 August 1993, pp.29-30.

- 23 September 1993 Ministry of Foreign Trade and Economic Cooperation Adopts Eight Provisions Against Corruption (MOFTEC)
China Law and Practice 18 November 1993, p.6.
- 5 October 1993 Decision of the CCP Central Committee and State Council on Effectively Carrying Out Several tasks in the Anticorruption Struggle in the Immediate Future. (CCPCC and State Council) Outlines a three pronged approach: leading cadres, investigating serious cases, and stopping collection of unwarranted fees.
Renmin Ribao, 23 October 1993, p.1.
- 8 November 1993 Cancellation of Fees Circular (Ministry of Finance and State Planning Commission). Cancels unapproved fees in PSB, Labour, Personnel, Railways, Transport, Posts and Telecomms, Banking, Civil Aviation.
Renmin Ribao, 9 November 1993, p.2.
For a reference on the Shenzhen Municipal Government Circular dealing with this subject see *China Law and Practice*, 28 December 1993, p.13.
- 5 December 1993 State Council, Grant and Acceptance of Gifts in External Business Activities Provisions (State Council) Specifically mentions gifts to and from overseas Chinese from Hong Kong, Taiwan and Macau are to be included under these rules.
Renmin Ribao, 9 December 1993, p.4.
- 3 June 1994 Application of Laws to the Handling of Criminal Cases of Forging, Reselling and Stealing Receipts Provisions (Supreme People's Court and Supreme People's Procuratorate) Covers regulations for dealing with VAT receipts, manufacture of illegal seals and chops, and forged income receipts.
Zhonghua Renmin Gongheguo Zuigao Renmin Fayuan Gongbao no.39 20 July 1994, p.104.
- 19 June 1994 Rewarding Persons for reporting Crimes Successfully Tentative Procedures. (Supreme People's Procuratorate) Offers rewards for people who report major economic crimes such as bribery and corruption.
China Law and Practice 3 October 1994, p.8.

- 30 April 1995 Declaration of Income by Leading cadres of Party and Government Authorities Above the County (Department) Level Provisions (CDIC and Ministry of Supervision)
Relevant persons must make twice yearly declarations of their income from all sources.
China Law and Practice 11 August 1995, p.4.
- 30 April 1995 Implementation of a Registration System for Gifts Accepted by Personnel of Party and State Authorities in Contacts With People Inside China. (CCP Central Office and State Council)
Gifts must be registered or handed over within a time limit.
China Law and Practice 11 August 1995, p.4.
- April 1995 Concerning Working Personnel of the Ministerial Authorities "Are Prohibited from Accepting Invitations for Banquets that may Affect the Fair Conduct of Business" Provisions (Trial Implementation) (MOFTEC)
Refers to banquets related to purchase of construction materials, facilities, office stationery, furniture, medicines, and others.
China Law and Practice 1 November 1995, p.4
- April 1995 Concerning Working Personnel of Ministerial Authorities: "Are Prohibited from Participating in Activities in Commercial Entertainment Places Paid at Public Expense," Provisions (Trial Implementation) (MOFTEC)
China Law and Practice 1 November 1995, p.4.

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